The Caribbean Music Industry: Building Competitiveness and Enhancing Export Capabilities in an Emerging Sector


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# THE CARIBBEAN MUSIC INDUSTRY

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INTRODUCTION

The cultural industries sector is one of the fastest growing sectors in the world-economy. This is reflected in the rapid growth of an intellectual property and copyright economy, of which cultural industries are a critical component. In the United States, cultural industries account for approximately 40% of copyright industries, which contributes 6% of GDP, 5% of employment and has become the number one export sector, surpassing rivals like the auto industry (IIPA 2000). Several of the large market economies report similar trends in terms of the growth of copyright and cultural industries (Nurse 2000).

The music industry is one of the largest cultural industries and makes a significant contribution to the large market economies (Laing 1996; Throsby 1998; Vogel 1997). The rate of growth for this sector during the 1980s and 1990s was between three and five times more than the growth rate for world exports (UNCTAD/ILO 1995). The European music industry was estimated in 1995 to generate a turnover of 18.8 billion ECUs and employment of over 600,000 (Laing 1996). In the specific case of the UK the music industry has proven to be dynamic and competitive, relative to other sectors in the economy (Lewis 1995).

In developing countries, the music industry has long been valued for its contribution to cultural identity and its impact on the social and political context (Manuel 1995; Nettl 1997; Robinson et. al. 1991). However, there have been few studies of the music industry from an economic standpoint, despite the fact that a large number of developing countries have been involved in the production and export of music. In the Caribbean, the music industry, however, remains largely undocumented, with a few notable exceptions ( Bourne & Allgrove 1997; Watson 1995; Wallis and Malm 1984).

The region’s contribution to the global cultural economy, particularly popular music, has been very significant. It is noted that the region’s impact on the world music scene has been large relative to its size (Bilby 1985: 215):

The story of Caribbean music is a remarkable one. For this relatively small geographical region, ravaged by centuries of European colonial domination and long looked upon as a region of “colonial backwaters,” “deracinated” peoples, and societies that had supposedly produced nothing indigenous of

---

1 The cultural industries sector refers to commercially viable cultural goods and services that are commodified and distributed to mass audiences. This includes products and services like films, videos, television, musical instruments, sound recordings, commercial theatre, dance and popular music performance (Lewis 1995).
2 These figures do not include the large revenues generated outside of sound recordings sales such as publishing, royalty collections, live performance income, cultural merchandising and cultural tourism.
any value, has over and over brought forth unique and vibrant musical creations to which the entire world can dance. That the story is far from finished means that the lives of music lovers in both the Caribbean and other parts of the world will be that much the richer in the years ahead.

The Caribbean enjoys a competitive capability in cultural production. Jamaica, for example, continues to be the primary source for musical innovation in reggae in spite of the fact that the genre has spread to many parts of the globe. Reggae is now recognized as one of the major genres of music and has gained recognition from international music awards such as the Grammys. Trinidad and Tobago, the land of calypso, soca and steelband has exported musical genres through the proliferation of the Trinidad styled carnival, which can be found through-out the anglophone Caribbean and in metropolitan cities where there are large diasporic populations (Nurse 1999). Merengue from the Dominican Republic is one of the key sub-genres that have contributed to the recent explosion in Latin music on the world music scene. These examples illustrate the region’s contribution to the global music industry. According to some analysts:

*The many musical styles that have been propagated in these island cultures are among the most dynamic and influential in the world, and their artists - names like Mighty Sparrow, Kassav, Celia Cruz, Ruben Blades, Juan Luis Guerra, and the late, great Bob Marley - have a truly global following (Broughton, et al. 1995 473).*

The Caribbean has participated in the global music industry since the 1920s with the recording and export of genres like calypso, merengue, son, reggae, zouk, salsa, soca, and dancehall. The region’s music industry, in spite of its perceived success, has had long-standing problems in relation to airplay, manufacturing, distribution, marketing, copyright protection (e.g. piracy) and royalty collections. The result has been a context of low local value-added, shallow industrial infrastructure, weak export capabilities and external control. This has led one analyst to argue that in the case of the export of Jamaican music "raw talent would not have been enough without the operations of international capital" (Cooper 1993: 5). In a similar vein another observer notes that:

*Caribbean music, an integral part of culture and tradition, makes money in New York, London, Paris and Amsterdam. More Caribbeans have earned international recognition from music than from any other pursuit. Living in small countries of little fame, Caribbeans are proud of their music stars. A few have earned millions from recordings that have brought in billions. But so far, this hasn’t made their countries any less poor, and the lucrative Caribbean music business has remained far away out of Caribbean control (Kurlansky 1992: 102).*

In short, it can be argued that these problems relate to the fact that the region has
spawned great artists and music without the requisite level of institutional support and industrial infrastructure to facilitate a deepening of the industrial base. Thus, in spite of the Caribbean’s long history of involvement in the global music industry and its dynamic contribution to world music, the region's music industry continues to be plagued with institutional and financial problems. Industry stakeholders have largely operated along individualist and fragmented lines and as a result have been unable to develop and implement an institutional framework that combines the demands of a competitive industry with the requirements of industrial, trade and intellectual property policy.

This lacuna in the existing framework is exacerbated by the fact that there is little recognition by the region's national policy-makers of the economic importance and export potential of the industry. The needs and potential of the music industry are not adequately documented and consequently not factored into national or regional development policies and trade negotiations at the multilateral level.

**The Research Task**

This study starts from the premise that sustained global competitiveness is attained through innovation and a deepening of technological and institutional capabilities and not just through increased capital accumulation, i.e. investment (Ernst, Ganiatos & Mytelka 1998). The argument is that enhanced competitiveness is dependent on the stimulation of innovation (Adams & Bollino 1982). There has been a heightened awareness that the traditional paradigm of economic development is inadequate for the challenge of an increasingly competitive global marketplace. One example of this is the increased focus on issues relating to competitive advantage as opposed to that of comparative advantage (Porter 1990).

This perspective on industrial development suggests that competitive advantage is a dynamic and localized process whereby differences in national values, culture, economic structures, institutions, and histories all contribute to attaining a competitive edge. For instance, Porter argues that "ultimately, nations succeed in particular industries because their home environment is the most forward-looking, dynamic, and challenging" (1990: 74). He also posits that national prosperity is created and not inherited, states must recognize that a nation's competitiveness depends on the capacity of its industries to innovate and upgrade. In essence, what is called for is an industrial strategy that allows for continuous upgrading, innovation and development of local capabilities.

It is argued that the requirements of technological and institutional innovation are applicable to firms in both developed and developing economies, although it is recognized that the needs are greater in the latter context. It is also noted that
critical elements of industrial upgrading, for example, learning and knowledge accumulation, often evade market supply. According to some analysts “markets are notoriously weak in generating these capabilities, which are subject to externalities” (Ernst, Ganiatos & Mytelka 1998: 12).

The problem of externalities is particular acute in the cultural industries because of the difficulty of excluding free riders, for example, in activities like festivals which generate significant value in terms of media exposure, destination imaging and visitor expenditures in travel, accommodation and shopping (Casey et al, 1996). Cultural industries are also prone to copyright infringement, which impacts negatively on the return on investment. For example, music is one of the easiest forms of art to pirate as a result of the wide diffusion of reproduction devices such as cassette recorders, recordable compact discs and Internet based file-sharing formats like My.MP3.com and Napster (Nurse 2000).

Public investment and corporate sponsorship in the cultural industries are often blocked for socio-political reasons because popular culture genres often embody anti-establishment themes. Historically, this has been the case with musical genres as diverse as rock and jazz (Longhurst 1995). This is particular evident in the Caribbean where most of the region’s music is produced by marginalized groups for whom music is an act of resistance to cultural and political domination (Manuel 1995).

Objectives and Scope of Research

This study seeks to examine the structure and performance of the Caribbean music industry, with a view to identifying a strategy for industrial upgrading and export expansion. To this end, the study will illustrate the importance of industrial upgrading and export expansion, the basis to the success of any competitive strategy. In particular, the respective strengths and weaknesses of the regional music industry will be drawn out, as a means of identifying the key areas for intervention, and also as a basis upon which a series of policy recommendations can be formulated.

The industrial and export capabilities of the regional music industry are highly differentiated. Some countries have a more developed home environment and have had longer exposure to export markets with varying levels of success (e.g. Jamaica, Barbados, Trinidad & Tobago, Dominican Republic). In other territories, the industry is in its embryonic stage with a limited business and legal framework (Guyana, Suriname, the OECS).

The study has three major goals and is divided into three parts.
1. Part one reviews available studies on the global music industry and analyzes the structure, operations, trends and prospects for the sector in the digital age. The goal is to identify the challenges and opportunities for the future development of the Caribbean music industry.

2. Part two involves several country studies: Jamaica, Dominican Republic, Trinidad and Tobago, Barbados and the OECS territories. The goal is to identify the factors constraining the global competitiveness of the sector. This involves an investigation of the economic and export performance of the music industry based upon primary data gathering and interviews with key industrial stakeholders and national policy makers.

3. Part three makes the case for industrial policy intervention to upgrade the capabilities of the sector. The goal is to identify best-practice in industrial, trade and innovation policy and to recommend policy directives and a strategic action plan for improving the competitiveness of the sector in the domestic, regional and export markets.

Research Methodology

This study examines the economic and export performance of the music industry. The emphasis is on measuring the value of foreign exchange earnings because the data on the value of local sales of recorded music is difficult to ascertain for lack of documentation. The available official statistics are better on visible trade (e.g. the import and export of soundcarriers like records, tapes and CDs) than on invisible earnings (e.g. services such as performances). An area where data is somewhat developed, especially in those territories that have functioning national copyright collection agencies, is in the royalty collections and distribution. Gaps in information are filled by references from industry sources. The statistics for invisible earnings are largely dependent on information assembled by the various industry organizations or representatives as well as through direct investigations.

The music industry is a multi-faceted sector in that it has several transaction networks and income streams. The main economic activities of the sector are measurable in the following way:

- The recording industry, which includes recording contracts, publishing, licensing, studio recordings.
- Merchandise sales CDs, tapes, records, downloads (e.g. MP3 files).
- Live performances by artists and music bands.
- Audio-visual services (e.g. music videos and advertising)
- Sound, Stage and Lighting.
- Concert promotions and cultural or festival tourism.
- Copyright protection and royalty collections.
REFERENCES


CHAPTER TWO

THE GLOBAL MUSIC INDUSTRY:
STRUCTURE, TRENDS & PROSPECTS

The World Music Trade

The cultural industries sector, of which the music business is a large component, is one of the fastest growing sectors of the world economy. In the early 1990s entertainment and cultural industries generated a turnover of about US$550 billion of which $380 to $390 billion were accounted for by publishing and printing, $150 billion for the audio-visual sector and $27 billion for music (UNCTAD/ILO 1995: 6).

The worldwide sales of pre-recorded music (e.g. CDs, tapes and vinyl records) have grown from US$27.15 billion in 1991 to US$38.5 billion by 1999 (see table 1). The value of world music sales peaked in 1996 at $39.51 billion and experienced a moderate decline in the late 1990s due to recession in Japan, Asia and Latin America as well as increased piracy in the core markets, for example Internet piracy such as Napster and recordable CDs.

Since the late 1980s there has been a shift in music format towards compact discs (CDs) as the soundcarrier of choice such that by 1999 CDs accounted for over 73.6% of worldwide sales (see table 1). Over the period of the 1990s vinyl records (LPs) have lost approximately 95% of its market while music cassettes (MCs) have dropped by more than 40%. Singles, which come in multiple formats, mirrors the format split for albums with CDs accounting for 85.3% of shipments. A new format on the market is digital video discs (DVDs), which have experienced rapid growth but currently accounts for less than 2% of soundcarrier sales. Online music is the other source that is rising rapidly with the development of compression devices and file-sharing software.

Table 1 gives data for merchandise sales. However, one of the peculiar things about the music industry and other copyright industries, when compared with other industries, is that they enjoy several income streams. A song can generate earnings from merchandising (i.e. soundcarrier sales as illustrated in table 1 below) but also from publishing (public performance, mechanicals, commercial advertising and synchronization licensing fees) as well as from live and concert performances and overseas tours. There is international data on music publishing income, which is estimated at $6.5 billion in 1998 (see table 2).
TABLE 1: Pre-recorded Music Sales, Units by Format and Value, 1991 –1999

<table>
<thead>
<tr>
<th></th>
<th>Units (millions)</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Singles</td>
<td>LPs</td>
</tr>
<tr>
<td></td>
<td>3 singles = 1 album</td>
<td></td>
</tr>
<tr>
<td>1991</td>
<td>330.8</td>
<td>268.9</td>
</tr>
<tr>
<td>1992</td>
<td>349.0</td>
<td>165.0</td>
</tr>
<tr>
<td>1993</td>
<td>405.6</td>
<td>102.3</td>
</tr>
<tr>
<td>1994</td>
<td>385.0</td>
<td>44.5</td>
</tr>
<tr>
<td>1995</td>
<td>425.7</td>
<td>30.8</td>
</tr>
<tr>
<td>1996</td>
<td>460.5</td>
<td>21.0</td>
</tr>
<tr>
<td>1997</td>
<td>502.0</td>
<td>17.9</td>
</tr>
<tr>
<td>1998</td>
<td>458.8</td>
<td>22.9</td>
</tr>
<tr>
<td>1999</td>
<td>438.4</td>
<td>15.6</td>
</tr>
</tbody>
</table>


<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>5,837.8</td>
<td>6,208.7</td>
<td>6,224.5</td>
<td>6,157.1</td>
<td>6,543.5</td>
</tr>
</tbody>
</table>


In contrast to soundcarrier sales and music publishing there is no single source of international data for performances. It is known, however, that performances are an important source of earnings in the industry as illustrated by the gross ticket sales in the US of US$1.5 billion in 1999. In addition, the available data does not include other sources of income that are part of the music industry such as the sale of musical instruments or services like music education. These sources of income are rarely reflected in national income statistics or international trade data. The actual size of the global music industry is thus largely under-estimated.

The music industry has generated much interest among governments because of its sustained growth rates in the recession-plagued world economy of the 1990s. For example, in the United Kingdom, the music industry has proven to be dynamic and competitive relative to other sectors in the economy like the steel industry. In 1993, the music industry generated £1.2 billion in exports and net foreign exchange earnings of £571 million, 44% of which was earned from copyright royalties (Feist 1996).
The structure of the world trade in the music industry is such that the United States and Europe are the major exporters, as they accounted together for more than 80 per cent of the market in the early 1990s (see table 3 below). Europe, however, is the main importer, accounting for 61 per cent of international trade demand compared to the US share of approximately 6 per cent. The US has an impressive trade balance with the rest of the world (UNCTAD/ILO 1995: 48).

TABLE 3: Trade in Sound Recordings, by Region, 1993 (%)

<table>
<thead>
<tr>
<th>Region</th>
<th>United States</th>
<th>Europe</th>
<th>Other DMEs</th>
<th>Other Markets</th>
<th>Total</th>
<th>English-speaking market</th>
</tr>
</thead>
<tbody>
<tr>
<td>Exports</td>
<td>30.4</td>
<td>56.7</td>
<td>6.2</td>
<td>6.7</td>
<td>100.0</td>
<td>53.4</td>
</tr>
<tr>
<td>Imports</td>
<td>5.8</td>
<td>61.3</td>
<td>18.8</td>
<td>14.1</td>
<td>100.0</td>
<td>27.3</td>
</tr>
</tbody>
</table>


The top ten sales territories, primarily North America, Europe and Japan account for 82.8% of the world market (see table 4). The USA, the engine of growth in the world music business, is the largest national market accounting for 37.0% of world sales. The second largest market is that of Japan which has suffered from a downturn in the economy in recent years. The UK is the third largest market but the territory with the highest per capita consumption level (3.9 albums). Germany, France and Spain are the other key European markets in the top ten. The Netherlands and Italy have dropped out of the top ten due to rapid growth of sales in Spain and Mexico, indicative of the expansion of Latin music sales.

TABLE 4: Top Ten Music Markets, 1999

<table>
<thead>
<tr>
<th>Countries</th>
<th>Retail Value (US$ million)</th>
<th>% of World Sales</th>
</tr>
</thead>
<tbody>
<tr>
<td>USA</td>
<td>14,251.4</td>
<td>37.0</td>
</tr>
<tr>
<td>Japan</td>
<td>6,436.6</td>
<td>16.7</td>
</tr>
<tr>
<td>UK</td>
<td>2,908.9</td>
<td>7.6</td>
</tr>
<tr>
<td>Germany</td>
<td>2,832.5</td>
<td>7.4</td>
</tr>
<tr>
<td>France</td>
<td>1,983.4</td>
<td>5.2</td>
</tr>
<tr>
<td>Canada</td>
<td>883.6</td>
<td>2.3</td>
</tr>
<tr>
<td>Brazil</td>
<td>668.4</td>
<td>1.7</td>
</tr>
<tr>
<td>Australia</td>
<td>656.3</td>
<td>1.7</td>
</tr>
<tr>
<td>Spain</td>
<td>639.5</td>
<td>1.7</td>
</tr>
<tr>
<td>Mexico</td>
<td>626.0</td>
<td>1.6</td>
</tr>
<tr>
<td>TOTAL</td>
<td>31,886.6</td>
<td>82.8</td>
</tr>
</tbody>
</table>

Corporate Control
A distinguishing feature of the current context is the rationalization of the industry in terms of corporate mergers, buyouts and takeovers, leading to higher levels of concentration. The leading firms were: WEA (Time Warner Inc.), BMG (Bertelsmann AG), EMI (Thorn EMI PLC), CBS (Sony Corporation), Universal (Seagrams formerly MCA) and Polygram (Phillips N.V.). The “Big Six” became “Five” after the latter two firms merged in May 1998 when the Canadian firm Seagrams acquired 100% of Polygram to form the Universal Music Group (UMG). In November 1999 Time Warner countered by merging (vertical integration) with AmericaOnline (AOL) to form the largest entertainment company and the seventh largest company in the world. And if that was not enough, in January 2000 AOL/Time Warner made a bid to acquire the EMI Music Group, which eventually fell through in October 2000. This deal raised concerns about anti-competitive practices on both sides of the Atlantic as it would have resulted in the merger of the world’s two largest music publishers, EMI Music Publishing and Warner/Chappell Music.

In June 2000, in something of a counter strike, Seagrams, the parent company of Universal Studios and the Universal Music Group, was taken over by Vivendi SA, the French utilities, media and telecoms conglomerate. Vivendi owns, among other things, Internet distribution systems and the pay-television channel Canal Plus. The merger establishes Vivendi-Universal as the world’s second largest media and entertainment company.

TABLE 5: World Market Shares of the Major Music Companies, 1998 (%)

<table>
<thead>
<tr>
<th></th>
<th>BMG</th>
<th>EMI</th>
<th>Sony</th>
<th>UMG</th>
<th>WMG</th>
</tr>
</thead>
<tbody>
<tr>
<td>Share</td>
<td>10.5</td>
<td>14.0</td>
<td>18.0</td>
<td>22.0</td>
<td>13.0</td>
</tr>
</tbody>
</table>


In the space of two years the music industry went from the ‘Big Six’ to the ‘Big Five’. As table 5 shows in the late-1990s the five largest firms accounted for close to 80 percent of the world market. Two of the Big Five have merged with Internet service providers (ISPs). There is much speculation that BMG has an interest in acquiring EMI and so further consolidation is expected. BMG has also forged an alliance with Napster, the file-sharing Website that has become the pariah of the recording industry. These mergers and alliances are indicative of a strategic response by the large firms to the changing business model, which the growth of Internet-based music represents.

The competitive advantage of the major corporations is in the distribution stage: the delivery of finished products to retail markets and the stimulation of consumer demand through advertising and promotion. The large firms have
been able to maintain control of this most profitable stage through the
"maintenance of their own wholesale distribution networks and strategic
alliances with major retail chains," as well as through "tight formatting of radio
playlists, exclusivity agreements with music video channels such as MTV, and
market surveillance systems such as SoundScan" (Weber 1996: 5-6).

The vertical integration of music companies and ISPs is a deepening of the
corporate consolidation trend as the industry searches for a new business model.
Vertical integration is also occurring between concert promoters and radio
stations, as exemplified by the acquisition of SFX Entertainment (the biggest
concert promoter in the world) by Clear Channel Communications, the largest
radio station group in the US. In the music video business one firm now owns all
the major music video channels. Viacom, the media giant, which owns MTV,
VH1 and CBS bought out the hip-hop music channel The Box in 1999 and shut it
down one year later. In 2000 Viacom acquired the Country Music Television
(CMT) and Black Entertainment Television (BET) and launched MTV2, which
tripled its US market to 30 million households. The Nashville Network, the
former country music video channel was also bought over and given a name
change to the The National Network (Hay 2000).

A vast number of small independent recording firms from all over the world
share the remainder of the market but they are faced with the problem of limited
international market access and media exposure. The independents tend to
operate at the creative edge in that they act as the laboratories or the research and
development centers for new music. The independents may have freedom with
their repertoire, but given the high cost of entry into the mass market they are
invariably dependent on the major music corporations to move product
especially if they have a big hit (Wallis & Malm 1984: 85). As a result the
independents are often forced to establish production and distribution contracts
("P&D deals") with the large corporations. This industry practice allows the
corporations to enjoy access to a virtually "risk-free source of new talent as well
as surveillance of local music markets" (Weber 1996: 5). It is argued by many that
the proliferation of the new digital technologies may alter this market
configuration.

**Technological Change**

Advances in microelectronics technologies since the 1980s have had a significant
impact on the industry. The new technologies such as digitization have
revolutionized the industry in terms of production processes. Low-cost recording
technologies have facilitated the diffusion of sound production or the recording
of master tapes by small entrepreneurs without any appreciable compromise in
quality. Manufacturing or mass production technologies have also become
accessible since the 1990s. There are now a large number of independent
manufacturing firms that have replication facilities for records, tapes and
The proliferation of these facilities have made this stage of the commodity chain the most competitive and consequently prices have been driven down. For example, CDs can be now manufactured for as low as US$1.00 each for a minimum order of 500 units.

In the case of products, the compact discs (CDs) have replaced cassettes and vinyl records as the most common consumer format. Over the period of the 1990s music sales have grown at an annual average rate of four percent, most of which relates to an expansive growth in CD sales. Cassettes sales have remained fairly stagnant and vinyl records sales have plummeted. The phasing out of vinyl records proved to be very profitable for the record companies because CDs offer significantly higher profits than vinyl at a similar manufacturing cost per unit and allow record companies to recycle their old catalogues in new marketing contexts.

In contrast, the arrival of Internet-based music is proving to be a threat to the major record companies. The convergence of the telecommunications and the media industries as a result of satellite and digital technologies have made it "irrelevant to distinguish between transmission of images from voice, data or text" (UNCTAD/ILO 1995). The rapid expansion of the World Wide Web and Internet services illustrates the point. It is suggested, by some industry analysts, that the Internet will revolutionize product sales and marketing, change the nature of piracy and royalty collections as well as upset the balance between the major recording companies and the independents thus giving the consumer greater choice and lower prices. These gains are, however, dependent on wider access to Internet services internationally, improvements in the download capabilities of personal computers and the introduction of world-wide legislation to implement the International Standard Recording Code (a built-in electronic code that identifies all recordings) (Hayes 1996: 14-15).

Internet music sales are relatively small at present (about 1 – 2% of world music sales), but are on the rise and are forecast to grow exponentially in the next five years to approximately $4.0 billion or eight percent of the world market (see table 6 above). Projections are that Internet music sales could rise to as much as 20% of the market by the year 2010 (Cole 1999).

**TABLE 6: Forecast Music Sales via the Internet, 1997 – 2004, (US$m)**

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>US</td>
<td>35.7</td>
<td>145.2</td>
<td>312.2</td>
<td>2,276.2</td>
<td>63x</td>
</tr>
<tr>
<td>Europe</td>
<td>6.7</td>
<td>15.9</td>
<td>36.9</td>
<td>833.9</td>
<td>123x</td>
</tr>
<tr>
<td>Asia</td>
<td>1.4</td>
<td>4.2</td>
<td>12.2</td>
<td>582.5</td>
<td>415x</td>
</tr>
<tr>
<td>Rest of World</td>
<td>1.9</td>
<td>4.6</td>
<td>13.7</td>
<td>293.8</td>
<td>154x</td>
</tr>
</tbody>
</table>
In the last few years Internet based music services have grown at a rapid rate through firms like Cdnow, RealAudio and Liquid Audio. In addition, the downloading of music has been made more accessible with file compression formats like MP3, a2b and Audio 4.0. The issue of music identification and protection has been addressed through watermarking and other security devices. It is argued that the emerging techno-economic paradigm is likely to result in a radical realignment of the industrial structure of the global music industry. As one analyst put it:

All previous distributed music carriers – from the wax cylinder to new optical discs systems like Super audio CD and DVD-Audio – have been physical objects requiring manufacturing resources and conventional retailing. But electronic distribution can bypass all this, with music sent direct from record company to consumer. An even more radical possibility is for artists to bypass record companies altogether and sell their music direct (Cole 1999: 110).

The threat that the Internet poses has prompted a response from the major corporations. In December 1998 the Big Five formed a strategic alliance with several technology companies, namely, Sony, JVC, Pioneer, Matsushita, Dolby and Microsoft, to establish the Secure Digital Music Initiative (SDMI), which aims to set a standard system for distributing music over the Internet. The SDMI has yielded little so far. However, industry shifts have been moving at a blinding pace as firms juggle their options.

In the last year or so the majors have been jockeying for positions in the Internet race. In addition to the vertical mergers AOL-TimeWarner and Vivendi-Universal, the major firms have been forging alliances of all sorts. For example, UMG and BMG have established a joint venture GetMusic.com; IBM and RealNetworks have come together to form a digital downloading system; Microsoft has introduced an alternative downloading solution MS Audio 4.0, AT&T’s a2b; and Liquid Audio has been negotiating with major recording artists like Alanis Morissette and Garbage, and Sony has designed its own digital distribution solution called Magic-Gate (Haring 1999).

In 2000 the Internet revolution continued to show more promise than profits as entrepreneurs struggled to implement a viable business model for the digital era. The fallout has resulted in a large number of bankruptcies, mergers and takeovers of dot.com companies. The Internet bubble was also busted in the courts as several legal battles were launched by the RIAA, the major corporations and artists like Metallica against Website and file-sharing distributors such as MP.3, My.MP3 and Napster. By mid-2000 MP.3 and My.MP3 were adjudged to be

<table>
<thead>
<tr>
<th>World total</th>
<th>45.7</th>
<th>169.9</th>
<th>375.0</th>
<th>3,986.4</th>
<th>86x</th>
</tr>
</thead>
</table>

Source: Cole (1999) from data provided by Market Tracking International ltd.
in violation of US copyright laws. Napster was able to stall the legal challenges until the final courts ruling in February 2001, which calls for the end of infringing practices. In response the major corporations are pursuing a subscription type model for the right of consumers to access music on-line. This is evident in the recently announced alliance between BMG, EMI, WEA-AOL and the Internet music company RealNetworks.

Copyright Protection and Administration
Music recordings are very prone to international piracy and other forms of copyright infringement. Piracy is quite common in countries where IPRs legislation is scant and weakly enforced. It is estimated that the global market for pirated CDs and audio cassettes was worth US$4.5 billion in 1998 and amounted to 11.6% of the global turnover of soundcarrier sales $38.7 billion (IFPI 1999b). Pirate activity has grown rapidly in the late 1990s as a result of the over-capacity in world-wide CD manufacturing and the advent of new forms of piracy such as CD-Rs and the Internet. The International Federation of Phonographic Industries (IFPI 1999a) estimates that CD-R piracy may account for as much as an additional 15% to the 400 million pirate audio CDs and is becoming so widespread “ranging from full-scale cottage pirate industry to school children selling compilation CD-Rs in the playground.” Blank CD sales have more than doubled in the last year largely in response to CD-R technology as well as Internet-based piracy.

The problem of piracy has also mushroomed on the Internet. It is also estimated that there are in excess of 500,000 infringing files (e.g. illegally posted songs in MP3 format) on the World Wide Web. The problem of infringement has been further exacerbated by two recent developments: the establishment of My.MP3.com by MP3.com, which allows users to upload music to a server and access it anywhere; and, the increased popularity of Napster, a file-sharing search engine for MP3 files. The pervasiveness of these file-sharing services is staggering. For example, it is estimated that as much as 750 million music tracks were downloaded in the year 2000 (Silberman 2000). The Recording Industry Association of America has been successful in its suits against MP3, My.MP3 and Napster in its attempt to curb music piracy on the World Wide Web.

Copyright protection and collections are administered through copyright societies. The largest societies are the American Society of Composers, Authors and Publishers (ASCAP), the Broadcast Music Inc. (BMI), and the Society of European Stage Authors and Composers (SESAC) of the USA, and the Performing Rights Society (PRS) in the UK. The various national societies are members of CISAC (Confederation Internationale des Societés d’Auteurs et Compositeurs). The operations of these organizations provides a legal and business framework for the protection of authorship, uniqueness and reproducibility against copying and piracy as well as for the commercial exploitation of copyright through licensing fees and royalties. Collections by the
main copyright societies have grown appreciably in the last few years. For example, the three largest collection societies have expanded gross collections over the period 1991 to 1997: ASCAP collections rose from US$375 million to $482 million, BMI from $276 to $421, and PRS from £137 million to £201 million (see table 7).


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</tr>
</thead>
<tbody>
<tr>
<td>ASCAP (US$)</td>
<td>375.9</td>
<td>390.0</td>
<td>386.2</td>
<td>422.7</td>
<td>436.8</td>
<td>482.6</td>
<td>482.1</td>
<td>28.3</td>
</tr>
<tr>
<td>Foreign Income</td>
<td>99.9</td>
<td>93.7</td>
<td>95.8</td>
<td>103.6</td>
<td>110.4</td>
<td>126.5</td>
<td>123.7</td>
<td>23.8</td>
</tr>
<tr>
<td>BMI (US$)</td>
<td>276.5</td>
<td>281.1</td>
<td>286.8</td>
<td>314.0</td>
<td>355.3</td>
<td>389.4</td>
<td>421.0</td>
<td>52.3</td>
</tr>
<tr>
<td>Foreign Income</td>
<td>57.5</td>
<td>67.9</td>
<td>74.9</td>
<td>69.9</td>
<td>86.6</td>
<td>96.6</td>
<td>104.3</td>
<td>81.4</td>
</tr>
<tr>
<td>PRS (GBP)</td>
<td>136.9</td>
<td>145.1</td>
<td>156.7</td>
<td>167.0</td>
<td>178.5</td>
<td>192.3</td>
<td>200.9</td>
<td>46.8</td>
</tr>
<tr>
<td>Foreign Income</td>
<td>39.0</td>
<td>43.1</td>
<td>48.0</td>
<td>52.4</td>
<td>57.1</td>
<td>63.2</td>
<td>57.1</td>
<td>46.4</td>
</tr>
</tbody>
</table>


Total income from international royalty collections stood at US$ 6.5 billion in 1998, approximately 15 percent of soundcarrier sales. North America and Europe are the dominant players. The US and the UK are the only two surplus countries in that they collect more royalty income than they pay out. These earnings are likely to grow in coming years as a new infrastructure is being established by CISAC (the Common Information System) to increase the efficiency of usage monitoring, data processing, information exchange, and income reporting and distribution between societies and their members.

The likely impact of the new copyright laws and the trends in the marketplace on developing countries can be summarized as follows:

- additional administrative and enforcement costs
- increased payments for foreigners’ proprietary artistic works
- price increases associated with greater market power for copyright producers
- the costs of displacement of ‘pirate’ activities
• enhanced protection and collection of copyright royalties for developing countries

Music Genres and Consumer Markets
The traditional target group for the music industry has been teenagers and young adults under 25 years of age. This demographic group has historically accounted for the greatest proportion of sales. For example, in 1988 this group purchased 53.2% of all records and tapes in the United States. In the 1990s there was a shift in purchasing trends towards an older age group such that by 1997 the 25 plus age group accounted for approximately 60% of the sales, with the 45 plus age group making the most significant gain. This market trend is accounted for by the aging of the populations in the US. This is reflected in the fact that "older persons retire earlier and on higher retirement incomes, and those in the current workforce have shorter hours and larger entertainment budgets" (Krasilovsky & Shemel 1995: xxv). This trend is evident in many of the other key markets in Europe, Japan and Canada.

Another contributing factor is associated the higher cost of the CD format, which young people are less able to afford relative to tapes and vinyl records. The introduction of ‘rental rights’ under the new copyright regulations is likely to further restrict access of CDs for hometapeing, which is an important means of acquiring new music for many young people. For example, many universities in North America have CD rental shops.

Nonetheless, the youth market continues to be an important target group. In the late 1990s there was a resurgence of teen oriented music as exemplified by the international market success of teen pop groups like Backstreet Boys, N’Sync, Britney Spears and Christina Aguilera. The teen market is also critical because this is the demographic group that establishes the new market trends in popular music, both as consumers and producers. The music that attracts this market is initially based on songs of social protest, cultural resistance and subversion of established societal norms. Over time anti-establishment themes are coopted by commercial pop music. The prime example is how American Black music (e.g. rap and hip hop music), once restricted from the mainstream, has been fused with rock music to create hybrid pop acts like Limp Bizkit and Kid Rock, which were among the top selling artists in the US in 1999 and 2000.

World music sales, by repertoire and genre of music, have gone through some significant changes over the decade of the 1990s. It is estimated that the sale of music of local origin has reached an all-time high of 65% of worldwide sales of recorded music in 1999 (IFPI 2000). This illustrates that cultural diversity is on the increase and is being facilitated by the globalization of markets, as exemplified by the worldwide growth of Latin music sales. Music sales in the key North American and European music markets continue to be dominated by
rock, pop and dance, but these genres have been in decline relative to Country music, R&B, Gospel, World music and Latin music. This is especially the case in the United States where country and rap music have made significant inroads.

An encouraging trend for the Caribbean music industry is the growth of the 'world music' category. This segment of the market "has been the biggest growth area in the record stores in the 1990s" (Broughton et. al, 1995). This category includes all genres of non-western music and even subordinated western genres. Thus it includes music from notable artists as diverse as Gypsy Kings from Mexico, Baaba Maal from Senegal, Loreena McKennitt from Ireland, Andrea Bocelli from Spain and Asha Bhole from India. Most Caribbean music falls into this amorphous grouping with the exception of reggae, which has its own internationally recognized category and meringue, which is included under the banner of Latin music, the segment of the music industry with the highest overall growth during the 1990s.

Global sales of world music have been dominated by Irish and Celtic music for most of the 1990s. That dominance has been challenged by Spanish, Brazilian and Cuban music in the late 1990s. Cuban music has made inroads largely under the Nonesuch record label that has produced the Buena Vista Social Club series. Another example of the penetration of Caribbean music, specifically calypso and soca, is the case of the Bahamian artists, Baha Men, whose album and song “who let the dogs out”, originally composed and sang by Trinidadian, Anselm Douglas, made the band the top selling world music artist for 2000. The song also had crossover appeal as it was voted the best dance track at the 2001 Grammy Awards.

REFERENCES


CHAPTER 3

RECORDING INDUSTRY

Introduction
Caribbean popular culture has been an important mechanism for political resistance and social protest against Euro/American cultural hegemony by marginalized groups throughout the region. The literature on popular culture suggests that the arena of cultural production, consumption and praxis is a politicized space. It provokes and responds to identity and social struggles associated with constructions of nation, empire, race, ethnicity, gender, sexuality and class (Gilroy 1993; Scott 1990). Such considerations gives insight into the political economy of culture but there is an additional feature that comes into play once popular culture is commodified. For instance, Stuart Hall argues that popular culture operates in a contradictory space because “it is rooted in popular experience and available for expropriation at one and the same time” (1992:26). As a result there tends to be a fine line between popular cultural practice and hegemonic culture in terms of resistance and incorporation.
...popular culture has historically become the dominant form of global culture, so it is at the same time the scene, par excellence, of commodification, of the industries where culture enters directly into the circuits of a dominant technology -- the circuits of power and capital.

But it can never be simplified or explained in terms of the simple binary oppositions that are still habitually used to map it out: high and low; resistance versus incorporation; authentic versus inauthentic; experiential versus formal; opposition versus homogenization (Hall 1992: 26).

Hall therefore encourages us to move away from the essentializing of difference through the construction of simple binary oppositions to focus on cultural positionality where the emphasis is on appreciating the “dialogic strategies and hybrid forms essential to the diaspora aesthetic” (1992: 29). This approach to understanding the politics and poetics of popular culture is premised on the view that “identity is not singular or monolithic and is instead “multiple, shifting, and often self-contradictory identity...made up of heterogeneous and heteronomous representations of gender, race, and class”” (Tucker 1990: 7).

The above approach has some relevance for interpreting the socio-cultural and political significance of Caribbean popular culture. The debate between resistance and incorporation is clearly evident in discussions about Caribbean popular culture given the long history of participation in the global circuits of capitalist industry.

The aim of the paper is to explore the implications of the ‘contradictory space’ that Caribbean popular culture occupies in the global and diasporic cultural industry. It examines the experience of the popular music industry in terms of its economic impact on the Caribbean economy.

The Caribbean Music Industry
In developing countries, the music industry has long been valued for its contribution to cultural identity and its impact on the social and political context (Manuel 1995). However, there have been few studies of the music industry from an economic standpoint, despite the fact that a large number of developing countries have been involved in the production and export of music. In the Caribbean the music industry, however, remains largely undocumented, with a few notable exceptions (Bourne & Allgrove 1997; Nurse 1997, 2003a; Wallis and Malm 1984).

The region’s contribution to the global cultural economy, particularly popular music, has been very significant. It is noted that the region’s impact on the world music scene has been large relative to its size (Bilby 1985: 215):
The story of Caribbean music is a remarkable one. For this relatively small geographical region, ravaged by centuries of European colonial domination and long looked upon as a region of “colonial backwaters,” “deracinated” peoples, and societies that had supposedly produced nothing indigenous of any value, has over and over brought forth unique and vibrant musical creations to which the entire world can dance. That the story is far from finished means that the lives of music lovers in both the Caribbean and other parts of the world will be that much the richer in the years ahead.

The Caribbean has participated in the global music industry since the 1920s with the recording and export of genres like calypso, merengue, son, reggae, zouk, salsa, soca, and dancehall. These examples illustrate that the region’s contribution to the global music industry. According to some analysts:

The many musical styles that have been propagated in these island cultures are among the most dynamic and influential in the world, and their artists - names like Mighty Sparrow, Kassav, Celia Cruz, Ruben Blades, Juan Luis Guerra, and the late, great Bob Marley - have a truly global following (Broughton, et al. 1995 473).

The music industry in the Caribbean has made an important contribution to the Caribbean economy. Jamaica, for example, continues to be the primary source for musical innovation in reggae in spite of the fact that the genre has spread to many parts of the globe. Reggae is now recognized as one of the major genres of music and has gained recognition from international music awards such as the American Grammys. Shaggy’s album Hotshot was the best selling album worldwide for 2001. Bob Marley’s catalogue continues to among the top ten in terms of world sales. What is the benefit to Jamaica, you may ask. It is estimated that the music industry employs 15,000 people and controls 15 – 20% of the US$300 million in reggae music sales. In addition, Reggae is one of the main elements in Jamaica’s tourism image and has created a strong demand-pull for tourists through music festivals like Reggae Sunsplash and Reggae Sumfest. Indeed, during its heyday, Sunsplash was able to generate visitor inflows for Montego Bay that outstripped the peak winter season inflows. When compared with a peak week (first week in February) in the winter tourist season hotel occupancy levels in the week of Sunsplash averaged fourteen percentage points higher for eleven years, 1981 and 1983 to 1992 (Nurse 2000b).

Caribbean territories like Cuba, the Dominica Republic and Puerto Rico have been at the forefront of the Latin music explosion with artists like Ricky Martin, Elvis Crespo, Juan Luis Guerra, Mark Anthony, Gloria Estefan, Celia Cruz, Ibrahim Ferrer and Chichi Peralta performing Caribbean genres like Salsa, Merengue, Bachata and Son. It is estimated that merengue and bachata (what is called
tropical music) accounts for 8% of the Latin music market in the United States, which is valued at US$626 million (1999). The Dominican Republic is not the only producer of these musical genres but it is a major contributor. The Dominican Republic has the advantage of a large domestic market with over a hundred radio stations and five hundred hotels, most of which play a high percentage of Dominican music. The problem is that few if any of them are licensed to use music and so copyright infringement is rampant. The high level of piracy through recordable CDs and cassettes compounds this. This scenario is not just restricted to the Dominican Republic. Throughout the region the ever-sophisticated pirates are ravaging the music industry (Nurse 2000b).

Other parts of the region have seen their nationals have international success: Arrow from Monserratt has sold in excess of 4 million copies of “Hot, Hot, Hot” and enjoys an active performance schedule; Eddy Grant recent remake of “Electric Avenue” had chart success in the UK in 2001; The Baha Men’s remake of Trinidadian, Anselm Douglas’ “Who Let the Dogs Out” topped the world music charts in 2001 and continues to generate significant publishing income from commercials, movies and sporting events. The music industry in Trinidad and Tobago accounts for approximately 50% of the foreign exchange earnings of the entertainment sector (US$50 million (1998)) which ranks in the top ten export earning sectors (Nurse 2000b).

Trinidad and Tobago, the land of calypso, soca, steelband and chutney has also exported its musical genres along with its masquerading traditions through the proliferation of the Trini-style carnival, which can be found throughout the anglophone Caribbean and in global cities in the North Atlantic. At last count there were over seventy diasporic Caribbean carnivals, 31 in the UK alone. These festivals are not only the largest public events in the respective countries and cities they also generate more income through visitor and audience expenditures than any other festival in those cities as exemplified by the success of the Notting Hill carnival in London, the Labour Day celebrations in New York and Caribana in Toronto (see table 1).

<table>
<thead>
<tr>
<th>Diasporic carnivals</th>
<th>Attendance</th>
<th>Visitor Expenditures</th>
</tr>
</thead>
<tbody>
<tr>
<td>Caribana, Toronto</td>
<td>1 million</td>
<td>Cnd$200 million</td>
</tr>
<tr>
<td>Labour Day, New York</td>
<td>2 million</td>
<td>US$70 million</td>
</tr>
<tr>
<td>Notting Hill, London</td>
<td>2 million</td>
<td>£20-30 million</td>
</tr>
</tbody>
</table>

Source: Nurse 1999.
Caribbean festivals have also made a significant impact on the regional tourism sector in terms of creating a new tourism season and/or filling the void in the tourism calendar by boosting airlifts and improving hotel occupancy levels. Caribbean festivals have done much to generate new tourism demand from the short break travel market, as well as from diasporic and intra-regional tourist, groupings that are largely omitted in the tourist marketing plans of most Caribbean tourism organizations. The spending of festival tourists, which is considered “new” or incremental and counts as an export industry, has been very significant as a share of total visitor expenditure, where the data on visitor arrivals has been documented by exit surveys.

The main finding of the festival tourism study is that festivals create a strong demand-pull for visitors (see table 2). The best case is that of Trinidad carnival which accounted for 9.2% of arrivals and 7.6% of visitor expenditures for the year 1998. The festival with the next best performance was that of St. Lucia Jazz, which contributed 3.9% of visitors and 4.9% of visitor expenditures. In the case of Barbados the Cropover festival accounted for 0.86% of annual tourist arrivals. The respective share of annual tourist expenditures was 0.34% (Nurse 2003).

### TABLE 2: Festival Tourism in the Caribbean: An Economic Impact Assessment (1998)

<table>
<thead>
<tr>
<th></th>
<th>Trinidad Carnival</th>
<th>St. Lucia Jazz</th>
<th>Barbados Cropover</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Budget</strong> US$mn</td>
<td>2.0</td>
<td>1.55</td>
<td>1.021</td>
</tr>
<tr>
<td><strong>Visitor arrivals</strong></td>
<td>32,071</td>
<td>9,929</td>
<td>4,428</td>
</tr>
<tr>
<td>(number)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Share of annual</strong></td>
<td>9.2</td>
<td>3.9</td>
<td>0.86</td>
</tr>
<tr>
<td><strong>visitor arrivals</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Visitor expenditure</strong></td>
<td>14.08</td>
<td>14.15</td>
<td>2.42</td>
</tr>
<tr>
<td>US$mn.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Share of annual</strong></td>
<td>7.6</td>
<td>4.9</td>
<td>0.34</td>
</tr>
<tr>
<td><strong>visitor expenditure</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Cost-benefit ratio:</strong></td>
<td>704</td>
<td>913</td>
<td>237</td>
</tr>
<tr>
<td>visitor expenditure./budget</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Hotel occupancy rate (%)</strong></td>
<td>95</td>
<td>74.5</td>
<td>53.3</td>
</tr>
</tbody>
</table>

Source: Nurse (2003b) Festival Tourism in the Caribbean.

The benefit-to-cost analysis indicates that many festivals in the region have a healthy yield or return on investment. The festival with the highest estimated
benefit-to-cost ratio is that of the St. Lucia Jazz festival with 9.1:1. Trinidad Carnival is ranked second with a ratio of 7:1. Barbados Cropover generated a ratio of 2.4:1. These ratios, especially of St. Lucia and Trinidad, appear to be very competitive when compared with top international festivals (Nurse 2003).

**Cultural Industry Analysis**
The region’s music industry, in spite of its successes, has had long-standing problems in relation to airplay, manufacturing, distribution, marketing, copyright protection (e.g. piracy) and royalty collections. The result has been a context of low local value-added, shallow industrial infrastructure, weak export capabilities and external control. This has led one analyst to argue that in the case of the export of Jamaican music "raw talent would not have been enough without the operations of international capital" (Cooper 1993: 5). In a similar vein another observer notes that:

> Caribbean music, an integral part of culture and tradition, makes money in New York, London, Paris and Amsterdam. More Caribbeans have earned international recognition from music than from any other pursuit. Living in small countries of little fame, Caribbeans are proud of their music stars. A few have earned millions from recordings that have brought in billions. But so far, this hasn’t made their countries any less poor, and the lucrative Caribbean music business has remained far away out of Caribbean control (Kurlansky 1992: 102).

The above quotation suggests that artistic production is the strength of the regional music industry but indicates that there is much scope for improvement in professionalism, entrepreneurship and product development. Manufacturing and merchandising are areas that have been plagued by business failure, competition from overseas and the seasonality of some of the artforms, especially in the case of Trinidad and Tobago. Marketing, distribution and retailing are the weakest phase in the music industry, both at the local and international level. Copyright protection remains problematic because of piracy, and, though royalty collections have improved with the establishment of national copyright organizations in Trinidad and Tobago, Jamaica, Barbados and St. Lucia, there is still much room for higher inflows from foreign collections (Nurse 2000). There is also an absence of dedicated training and educational facilities in the area of cultural industries (Nurse 1997).

The economic and export performance of the entertainment industry illustrates that there is an overseas market for indigenous cultural products and services but the sector is not as competitive as it could be, nor is it marketed appropriately to take advantage of existing opportunities. To expand the export market, the entertainment industry must create and nurture foreign demand through joint ventures or promotional and distribution deals with international
entertainment firms. The export thrust will be facilitated by market and media access, human resource development and training, and innovation and industrial upgrading at home (Nurse 1997).

Building an international image and reputation for quality is important. Participating in international trade fairs, festivals and awards ceremonies can acquaint artists and cultural entrepreneurs with the demands of the overseas market. The entertainment industry in the Caribbean needs to develop an aggressive posture to penetrate the international market. The rationale is that the industry is faced with the task of creating demand for new genres of music and other entertainment products and services. This may require the establishment of strategic alliances in some cases as well direct promotion in others. Foreign direct investment, joint ventures and promotional and distribution deals are avenues that need to be seriously explored given the high barriers to export market entry (Nurse 1997).

The sector is largely under-researched and suffers from inadequate data. Consequently, policy formulation has suffered from conceptual clarity. In general, government officials and the corporate elite do not view the music industry as a sector. A significant part of the problem is that key stakeholders in the industry have rarely organized themselves like other sectors in terms of lobbying and advocacy. Consequently, the needs and interests of the sector are largely ignored in the policy making process. This has resulted in the blockage of investment and funding to upgrade the competitiveness of the sector.

In short, it can be argued that these problems relate to the fact that the region has spawned great artists and music without the requisite level of institutional support and industrial infrastructure to facilitate a deepening of the industrial base. Thus, in spite of the Caribbean’s long history of involvement in the global music industry and its dynamic contribution to world music, the region's music industry continues to be plagued with institutional and financial problems. Industry stakeholders have largely operated along individualist and fragmented lines and as a result have been unable to develop and implement an institutional framework that combines the demands of a competitive industry with the requirements of industrial, trade and intellectual property policy.

These problems are related to the fact that the sector is highly fragmented and lacks a strong institutional framework. These issues are reflected in the following comments from an entertainment sector specialist at JAMPRO:

> It has been recognized that the major decision-makers within music are concentrated outside of Jamaica. In addition, the income being derived from music and its attendant value-added products are not being returned to Jamaica. The success of Jamaican music to date has had very little to do
with government policy or incentives and more to do with the struggles of poverty and hardship and the use of informal channels to market local music products (JAMPRO 1996: 62).

In tandem, there has been growth in the number of producers of Caribbean music operating outside of the region, many of them having originated in the Caribbean. The most notable examples are VP Records, Karen Records, Juan y Nelson and JW Records. Each of these firms can claim to be the largest producers if not distributors of Caribbean music in the different genres. There is a synergistic relationship between these overseas producers and distributors and the recording firms operating within the region. In many respects the fortunes of the Caribbean music industry would be less favourable without these overseas firms (Nurse 2000b).

This situation is exacerbated by the fact that there is little recognition by the region's national policy-makers of the economic importance and export potential of the industry. The needs and potential of the music industry are not adequately documented and consequently not factored into national or regional development policies and trade negotiations at the multilateral level.

The tide has begun to shift. Throughout the Caribbean there is increasing recognition of the economic potential of the music industry and the entertainment sector as a whole on the part of the governments and regional agencies. For example, in 1996 the government of Jamaica included entertainment and the music industry in its National Industrial Policy (NIP). The NIP targeted five strategic industry clusters drawn from the services, science and technology, manufacturing and agricultural sectors. Entertainment and music were placed in the services cluster along with tourism, telecommunications, shipping and berthing and informatics. Under the NIP nine Industry Advisory Councils (IACs) were established to facilitate private sector input in defining the most appropriate economic and trade policy measures. The entertainment sector was selected as one of the nine sectors to be allocated an IAC.

Since the late 1990s the music industry has been facilitated by investment and trade promotion agencies like Jamaica Promotions (JAMPRO), the Tourism and Industry Development Company of Trinidad and Tobago (TIDCO), the National Cultural Foundation (NCF) of Barbados, the Caribbean Export Development Agency, and the OECS Export Development Unit. JAMPRO has an entertainment unit that deals with investment and export promotion for the film, video and TV sector as well as the music industry. TIDCO has an entertainment desk and once funded the now defunct industry umbrella organization, the Entertainment Industry Development and Export Company (EIDECO). The NCF funds and manages several festivals in addition to executing a broad array of national cultural policies. CEDA has included the music industry in the services sector and has sponsored research into the sector. CEDA has also assisted several firms in terms of trade fair participation and export promotion through its
competitiveness fund. More recently the OECS-EDU has begun facilitating the sector and has encouraged the establishment of a Music Industry Consortia.

Music industry stakeholders have also begun to articulate a collective position. In 1999, at the Caribbean Music Expo (CME), the annual regional music industry trade fair, industry stakeholders (e.g. music producers, artists, distributors, media practitioners, attorneys and industry analysts) identified five critical areas for immediate action to promote the development of the regional music industry. These include the removal of customs duties on imported CDs and the free movement of these products in CARICOM; the development of strategic alliances and mergers between music distributors in the region; the introduction of anti-piracy measures at the national and regional levels; the establishment of content quotas for radio and television broadcasting; and, the implementation of a regional system for collective management of copyright and related rights.

Of this list of initiatives only the latter has been implemented. Caribbean copyright collection societies have banded together to form a regional rights and data management centre called the Caribbean Copyright Link (CCL). The members of CCL include the Copyright Organisation of Trinidad & Tobago (COTT), where CCL is headquartered, and three other national copyright societies: The Barbados Copyright Organization and Society of Composers, Authors and Publishers (COSCAP), Jamaican Association of Composers, Authors and Publishers (JACAP) and the Hewanorra Musical Society (HMS) of St. Lucia. These Caribbean Commonwealth countries have traditionally operated under an agency arrangement with the Performing Rights Society (PRS) of the United Kingdom.

The Cultural Industry Problematique
The history of indifference and neglect that the Caribbean music industry faces at home is rooted in the historical legacy of colonialism and cultural imperialism. The argument here is that the popular culture and the music industry are viewed within powerful circles as less than valid from a cultural and economic perspective. Consequently, public investment and corporate sponsorship in the cultural industries are often blocked for socio-political reasons because popular culture genres often embody anti-establishment themes. Caribbean music is largely produced by marginalized groups for whom music is an act of social protest and resistance to cultural and political domination (Manuel 1995). To illustrate the point I will quote extensively from a Jamaican business newsletter. The article that is being referred to is published soon after a concert by Pavarotti in Kingston, Jamaica. The author compares the music of local dancehall artist Shabba Ranks to that of Pavarotti.

> Just days after the Pavarotti affair, I chanced to see a programme on JBC, I think it was described as music video, and there was the notorious Mr
Shabba Ranks. He was talking nonsense about the derivation of his name (I can’t remember whether it was Shabba or Ranks) from an Ethiopian King. Someone seemed to have asked him about his future and all I can remember he said was: “music, music, music till the breath leave the body”.

Mr Shabba Ranks was clearly under the impression, like hundreds of thousands of Jamaicans, that he was making music. Some of my friends tell me that he must be making music since he is extraordinarily rich and that he makes most of his money abroad. I am not sure whether his gyrations and the sounds he makes on the stages in the developed countries in which he makes his money are regarded as music. It could be that people in these countries are prepared to pay to see the antics of some performing primate.

The Pavarotti appearance in Jamaica and the attention it got before and after the performance of the King of the High “C”, might help to remind some of us in Jamaica what real music can be. I sometimes wonder whether the epidemic of violence, which we are experiencing in this country does not derive in some strange way from the sounds and movements (not necessary the words) of our dancehall performers (Paine 1995: 3).

This perspective on dancehall music is reminiscent of colonialist discourse, which represents the colonized ‘other’ as dangerous, uncivilized and over-sexed (Bhabha 1994). The association that Mr. Paine makes between dancehall and violent behavior is a standard strategy employed to stigmatize popular artforms. The reference to a civilizational gap between a cultured European and an African primate is also a well-developed mechanism to ensure governance over the ‘other’.

The goal of this mode of discourse is to strip the colonized and the marginal of any sense of cultural confidence. Historically this has not been the result. Popular culture has become even more emboldened and has made some in-roads into the various national cultures. However, this problématique continues to be manifested in a blockage of investment into indigenous sectors of the economy, particularly areas where subaltern groups dominate. The relationship between popular culture and cultural industry, as a consequence, tends to be fraught with difficulties from an economic and business standpoint. This is why I argue elsewhere that the problématique is not external but systemic in that the interplay between global social forces/discourses and internal-periphery (Addo 1986) sources of imperialism stymie growth and development:
In peripheral societies the political and economic elite are generally insecure and view the social protest in popular culture with much trepidation. They are therefore loathe to acknowledge, far more invest in, the globalizing potential of the local popular culture. They are more likely to denigrate and marginalize it, and failing that, to co-opt it. Consequently, the tendency is for local capabilities not to be fully maximized at home (Nurse 1999: 697).

Other modes of Caribbean popular culture like zouk, merengue, bachata, calypso, and soca have long experienced these contestations in the process of becoming commodified (Austerlitz 1997; Cooper 1993; Guilbault 1993; Rohelhr). A contemporary example of this is the current demands by the recording industry in Trinidad and Tobago for local content regulation. Trinidad and Tobago has the lowest level of local and/or regional content on the airwaves when compared with other territories in the region. It is estimated that regional content reaches to 26.5% (see table 3) while local content is approximately 10 – 12%. In Trinidad and Tobago local content on the airwaves is very seasonal, peaking at Carnival time (approximately 35 %) then dropping to below 10% for the rest of the year (see figure 1 which compares airplay before carnival, during carnival and post-carnival for the 1994/95 season).

TABLE 3: Radio and Airplay in the Caribbean

<table>
<thead>
<tr>
<th>Country</th>
<th>Number of Radio Stations</th>
<th>Number of Licensed Stations</th>
<th>Estimated Share of Local and Regional Music (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Antigua</td>
<td>4</td>
<td>0</td>
<td>37</td>
</tr>
<tr>
<td>Bahamas</td>
<td>9</td>
<td>1</td>
<td>30</td>
</tr>
<tr>
<td>Barbados</td>
<td>6</td>
<td>6</td>
<td>49</td>
</tr>
<tr>
<td>Dominica</td>
<td>9</td>
<td>1</td>
<td>50</td>
</tr>
<tr>
<td>Dominican Republic</td>
<td>120</td>
<td>0</td>
<td>60</td>
</tr>
<tr>
<td>Guyana</td>
<td>3</td>
<td>0</td>
<td>40</td>
</tr>
<tr>
<td>Haiti</td>
<td>16</td>
<td>0</td>
<td>41.1</td>
</tr>
<tr>
<td>Jamaica</td>
<td>10</td>
<td>4</td>
<td>53</td>
</tr>
<tr>
<td>St. Lucia</td>
<td>5</td>
<td>1</td>
<td>40</td>
</tr>
<tr>
<td>St. Vincent</td>
<td>4</td>
<td>0</td>
<td>40</td>
</tr>
<tr>
<td>Trinidad &amp; Tobago</td>
<td>15</td>
<td>13</td>
<td>26.5</td>
</tr>
</tbody>
</table>

Sources: Paul Berry, (1999) Business Plan for the Implementation of a Regional System for Collective Management of Copyright and Related Rights in the Caribbean, WIPO,

Figure 1: Airplay by Genre, 1994 & 1995


The Recording Industry Association of Trinidad and Tobago (RIATT) has been advocating for local content legislation for radio since the late 1990s. RIATT has called for fifty percent local content on the radio. RIATT’s argument is that Trinidad and Tobago is one of the largest producers and exporters of music in the region, has the most diverse genres of music yet has the lowest level of airplay in the region. Broadcasters, on the other hand, argue that they respond to consumer taste and that the airwaves should operate as a free market. The broadcasters also argue that the low level of airplay may be a consequence of the low quality of the musical productions.

The political economy of the media is such that broadcasters have been able to frustrate the efforts of the recording industry because they have a strong lobby with the political parties and the government. Many of the radio stations are owned by large locally owned corporate firms that are politically well connected. In contrast, the entrepreneurs in the music industry are small businesses in a
highly fragmented sector and thus lack political leverage. Also, the situation is such that many senior government administrators are not persuaded by the need for increased local content and so have been less than supportive of the recording industry lobby. The scenario in Trinidad and Tobago is contrary to that of Barbados where a regional content quota for radio was instituted into the broadcast code in November 2000. The content quota was largely driven by the political administration and was implemented quickly and with little resistance from broadcasters. The Barbados case is an exceptional one. The Trinidad and Tobago scenario is more like that found in other territories in the region.

TABLE 4: Top 10 Worldwide Radio Station Websites

<table>
<thead>
<tr>
<th></th>
<th>Website</th>
<th>Country</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>RJR 94</td>
<td>Jamaica</td>
</tr>
<tr>
<td>2</td>
<td>Fame FM (Jamaica)</td>
<td>Jamaica</td>
</tr>
<tr>
<td>3</td>
<td>All India Radio Delhi</td>
<td>India</td>
</tr>
<tr>
<td>4</td>
<td>Radio 2</td>
<td>Jamaica</td>
</tr>
<tr>
<td>5</td>
<td>WEFM</td>
<td>Trinidad &amp; Tobago</td>
</tr>
<tr>
<td>6</td>
<td>TriniRadio</td>
<td>Trinidad &amp; Tobago</td>
</tr>
<tr>
<td>7</td>
<td>Radio Japan</td>
<td>Japan</td>
</tr>
<tr>
<td>8</td>
<td>Israel Radio</td>
<td>Israel</td>
</tr>
<tr>
<td>9</td>
<td>Metro FM</td>
<td>South Africa</td>
</tr>
<tr>
<td>10</td>
<td>KQ 94.5 Tropical Contemporanea</td>
<td>Dominican Republic</td>
</tr>
</tbody>
</table>


While these antagonisms and contestations are taking place at the national level the prospects for Caribbean music have begun to move further outside the strictures of the national and regional political and cultural economy. For instance, Caribbean Internet radio stations are ranking in the top most visited sites (see table 4). In an international survey six Caribbean stations ranked in the top ten worldwide radio station websites. Three stations from Jamaica, two from Trinidad and Tobago and one from the Dominican Republic were in the top ten in February 2001. This shows that the diasporic and international market for Caribbean popular music is growing in the digital world.

Conclusion

There is no denying that Caribbean popular culture has empowered Caribbean people at home and in the diaspora through an expansion of geo-cultural space. The above cases illustrate the clashes of social interests, the proverbial struggle between the popular forces and the power-bloc. What the cases also illustrate is that the antagonisms and contestations propel the popular artforms. It is observed that as a particular artform or genre becomes captive to the market or is excluded from some space the popular culture morphs into new forms or
establishes new arena for engagement. From this perspective the relationship between the popular cultures and the cultural industries is not one of an all-out victory for either side. Instead it can be seen as a long-term continuous process of identity formation and commodification through contestation, resistance and negotiation.

This paper argues that the Caribbean music industry requires institutional support to upgrade the nascent creative and entrepreneurial capabilities, to facilitate balanced growth in the home market, to maximize on the trade potential of diasporic markets and to make further inroads into global music markets. In effect, the paper identifies a critical role for regional and national organizations involved in enterprise development, business financing and export facilitation. However, it notes that effective lobbying for changes in the industry will only come about through a strong organizational network in the region. Currently, the industry does not have a collective voice or a suitable infrastructure for furthering the development of music and increasing its competitiveness at home or abroad. The small and medium-sized enterprises, which predominate in the music industry, must develop their institutional capacity in areas such as monitoring, documentation and lobbying to achieve many of the stated aims.
REFERENCES


CHAPTER 4

COPYRIGHT AND MUSIC IN THE DIGITAL AGE: PROSPECTS AND COMPLICATIONS FOR THE CARIBBEAN

Introduction
The field of copyright has largely been analyzed from a legal perspective. This paper brings into focus the economic and industrial dimension with a specific treatment of cultural industries, particularly the music industry. The Caribbean music industry is used as a case study. The significance of copyright industries to the global political economy requires an understanding of the workings of the international copyright regime and the ways it has been updated under the Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPs) administered by the World Trade Organization (WTO). The shift of the techno-economic business paradigm towards digitization is also brought into the analysis. The paper concludes with an examination of the implications and prospects for the growth of copyright and music industries in the Caribbean in the digital age.

International Copyright Regulations
Copyright is one of the main elements of intellectual property rights (IPRs). As a body of law it protects a creator’s economic and moral rights\(^3\) and facilitates the commercial exploitation of creative works in the literary, scientific and artistic domain. Copyright grants the creator or right owner exclusive or monopoly control over the right to make a copy (to gain reward from the authorized use) and by extension the right to stop unauthorized use. Copyright law protects the work of authorship from the time that it is created. Copyright is applicable not to ideas themselves but to the original expression of an idea fixed in some medium of communication (e.g. sound recording, book, video). ‘Originality’ and ‘fixation’ are two of the core requirements for securing copyright (WIPO 1996).

Copyright law provides protection to a wide range of creative works (Article 2). It applies to works of literature and print media, musical works and sound

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\(^3\) Moral rights refers to the rights of an author to be properly identified and to insist that any editing of a work preserves its integrity (Article 6bis) (WIPO 1996).
recordings, visual, dramatic and choreographic works, photography, cinematographic productions, advertising services, radio and television broadcasts, architectural designs, and most recently, computer software, which is treated like literary works. In the case of the music industry copyright is granted to the creation of any original musical composition or lyrics. Related or neighboring rights are applied to the work of performers, phonogram producers and broadcasters (WIPO 1996).

These proprietary rights would mean nothing without the appropriate mechanisms and infrastructure for monitoring use, collecting royalties and enforcing the law (domestic and international) in cases of infringement. It is argued, for instance, that “the very purpose of the protection is to allow recoupment for the initiative of creating the material and the investment risked in producing and marketing it” (Cornish 1989: 259). It is virtually impossible for individual right owners to protect their copyright individually. Consequently, right owners have banded together into organizations for the collective administration of copyright. Such organizations were established in Europe from the mid-nineteenth century, for example, France (1850), Italy (1882) and Spain (1889) (WIPO 1990).

The emergence of the first copying industry, printing, provided the conditions for the birth of copyright law. In the seventeenth century, it was the lobbying efforts of the English stationers, the guild of publishers who were the main risk-takers in the publishing industry, which led to the first modern copyright law, the Copyright Act of 1709, secured under the reign of Queen Anne. The Act conferred on authors and their assigns (e.g. publishers, printers, agents, etc.) the “sole right and liberty of printing books” (Cornish 1989: 246). From that time it was evident that the impetus behind copyright law was related to the issue of “commercial exploitation rather than literary creation pure and simple” (Cornish 1989: 246).

National copyright legislation was adopted in other parts of Europe and in the US during the eighteenth century. In the music industry, copyright legislation became an international trade issue in the mid-nineteenth century when the publishers of sheet music could not secure legal protection for exported material. At that time, publishers had two options to get payment for foreign uses of work: to appoint licensees to exploit the rights under any relevant national legislation in the foreign country, and to persuade governments to sign bilateral copyright treaties with other countries (Laing 1993: 22). The UK established an International Copyright Act in 1838 to serve the latter purpose. However, in most jurisdictions, the copyright of foreign authors and creators were not recognized. Invariably, this had everything to do with the historical context and the international political economy of the music industry. For example, in the nineteenth century, “United States publishing interests were antagonistic to
attempts to enforce payment to foreign authors when the US itself had little copyright material for export” (Laing 1993: 23). The US only agreed to protect foreign authors in the latter part of the nineteenth century after some of its rights-owners became exporters.

The evolution of copyright and the music industry has to be viewed in a broad historical perspective. Laing (1993: 23-24) has argued that there are three distinct phases which can be discerned:

1. From the 1880s to the 1930s, the process of copyright reform was dominated by the interests of composers and songwriters, together with those of literary and dramatic writers. The principal vehicle for international recognition of their rights as authors was the Berne Convention for the Protection of Literary and Artistic Works.

2. The growth in the importance of mechanical and electrical media such as the cinema, the phonograph and the wireless triggered the second phase, that of the extension of ‘neighbouring rights’, in the international arena. These rights were those which underpinned the contribution to cultural production of such interest groups as performing musicians and singers, recording companies and film studios, and radio and television broadcasters.

3. US film and music interests have played a commanding role in the third phase of the international copyright process, which gathered momentum in the 1980s. This phase has been characterized by an emphasis on the commercial and trading role of the cultural industries and on the contribution of copyright protection (or lack of it) in the creation of a ‘level playing field’ for the global trade in films, music and audio-visual programming.

International treaties have been implemented in tandem with the structural and technological changes in the music industry. The Berne Convention for the Protection of Literary and Artistic Works, obligates member countries to enact laws affording foreign authors equal treatment with their nationals, the right of automatic protection and enforcement without any formalities such as registration or notice, and a minimum standard of protection with regard to the content of copyright, its scope and duration, for example, the term of the life of the author plus fifty years (Article 6) (WIPO 1996). The convention has been amended six times since 1886, each time to keep pace with technological changes, for example, in the music industry such as sound broadcasting (Rome Act 1928), television (Brussels 1948), compulsory licensing in film and Third World exemptions from the convention (Stockholm 1967; Paris 1971)(Laing 1993: 25).
The Berne Convention emphasizes the rights of authors and does not acknowledge the rights of other contributors to the creative process. The Rome Convention fills a gap in Berne by protecting sound recordings, performers of music, and radio and television broadcasters. The Geneva Phonograms convention, adopted in 1971, was an attempt to deal with the growing problem of record and tape piracy.

The Berne Convention, though successfully implemented in European countries, was not universally accepted, particularly by countries in the Western Hemisphere (Brazil and Canada were the only ones who acceded to the convention), the United States being the notable absentee until 1989 when it became a signatory. Alternatively, the countries of the Americas drafted a series of six Inter-American copyright conventions from 1889 onwards. The Inter-American copyright conventions were restricted to American states, except for the Montevideo convention of 1889. Thus, the first truly Pan-American convention did not come into force until the signing of the Mexico convention of 1902. The Montevideo convention differed from the Berne convention in that it followed the principle of *lex loci* rather than *lex fori*, which specifies that the rights of an author are determined by the laws of the country of first publication and not by the laws of the country where an infringement has taken place. Subsequent conventions applied the principle of *lex fori*, as in the Berne convention, which allows for foreign authors and works to enjoy national treatment (Plowman & Hamilton 1980: 55).

The main difference that obtained between the Berne and the Inter-American conventions was the issue of formalities. Under the Berne convention “intellectual works are regarded as an extension of the personality of the author and protection is granted automatically upon creation of the work, without regard for formalities” (Plowman & Hamilton 1980: 58). The American view on the other hand required that published works be subject to compliance with prescribed formalities, the intention being to balance the interest of copyright holders and users. The Universal Copyright Convention (UCC), a UNESCO initiative, which came into effect in 1955, represented a compromise between these two approaches, the aim being to bring the US into the network of international copyright relations and still maintain the basic tenets of the Berne convention. The US accession to the UCC guaranteed the principle of national treatment, but on less stringent conditions. Consequently, the US was able to retain its term of protection of two periods of 28 years, a simplified requirement of notice for foreign works and exemption from moral rights, an optional provision under the Berne Convention (Cornish 1989: 252).

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4 The six multilateral copyright conventions drafted for the Western Hemisphere are: (1) the Montevideo Convention, 1889; (2) the Mexico City Convention, 1902; (3) the Rio de Janiero Convention, 1906; (4) the Buenos Aires Convention, 1910; (5) the Havana Convention, 1928; and (6) the Washington Convention, 1946 (Plowman & Hamilton 1980: 54).
Copyright, TRIPS and the WTO
The call for enhanced international copyright regulation in the last decade has come about for two principal reasons. Firstly, the emergence of new consumer electronic products, the digitization of information, the convergence of telecommunications and media services and the creation of information super-highways (e.g. via the Internet) have posed complex problems for the legal definition of authorship and use. Secondly, the lobbying power of transnational entertainment corporations and the economic impact of copyright industries have encouraged the major exporting countries to press for the harmonization of international copyright regulations.

The increased interest in the area of copyright has been brought about by the rapid changes in digital technologies that make the authorship and use of knowledge, sounds and images more problematic from a legal standpoint. The globalization of production and consumption by transnational corporations has also made it of economic importance that copyright regulations are harmonized across national boundaries (Zeeb 1996). In this regard, the WTO TRIPs agreement, which provides global protection for intellectual property for the first time, is an important juncture in international economic relations (Braga 1995).

The trade-related aspects of copyright are now generally recognized as a key component of the burgeoning service and knowledge-intensive world-economy. The contribution of copyright industries to national economies is noteworthy in terms of share of GDP and employment contribution (see table 1 below). In the US, for example, copyright-related industries share of GDP and employment have grown twice as fast as the remainder of the economy and has become the leading export sector. In 1996 copyright industries accounted for 5.68 percent of US GDP, 2.8 percent of employment and US $60 billion in export revenues (IIPA 1998). This trend is not restricted to developed market economies, for in India, copyright-related industries (particularly the ‘Bollywood’ film industry and the thriving computer software industry) contribute as much as 6 percent of GNP (Barrow 1997: 76).

An historical analysis of international copyright regulation suggests that when it comes to lobbying “the commercial importance of music as an export industry counts for more than the legal rights of copyrights owners” (Laing 1993: 31). It has been observed that with each shift in the business paradigm of the music industry the major exporting countries have worked to establish an international regime to facilitate intellectual property protection (IPP) and orderly royalty collections. The transformations in the world-economy outlined above point to the fact that we are at such a conjuncture. The new context has sparked renewed interest in IPP. Consequently, there was a concerted effort on the part of the
developed market economies to incorporate trade-related aspects of intellectual property rights (TRIPs), which includes copyrights, into the General Agreement on Tariffs and Trade (GATT) Uruguay Rounds of negotiations as one of the ‘new issues’ for the multilateral trading system. The subsequent implementation of the TRIPs agreement into the World Trade Organization framework is indicative of the economic importance of intellectual property rights (IPRs) and copyrights in the expanding information and knowledge-intensive world-economy.

The TRIPs agreement was one of the controversial areas in the Uruguay multilateral trade negotiations. Whereas there was a general consensus among the developed countries, at least compared to other issues like agriculture, there was much conflict between developed and developing (South Centre 1996). Consequently, the TRIPs negotiations “became a symbol of the North-South divide” (Braga 1995: 381). The nature of the debate was grounded in the age-old debate between seeing knowledge as a free good as opposed to property.

The international regulatory framework for intellectual property rights has been strengthened by the conclusion of the Uruguay Round of the General Agreement for Tariffs and Trade (GATT) and the establishment of the World Trade Organization (WTO). In terms of copyright, the new regulatory framework calls for all member countries to comply with the substantive provisions of the Berne Convention (1971) for the protection of literary and artistic works, but it does not require the observance of moral rights. The TRIPs agreement is therefore referred to as the ‘Berne-minus’ solution.

The TRIPs agreement enhances the monitoring capacity and enforcement capabilities on a global scale. Many of the countries, which formerly were not party to the Berne Convention have been brought into copyright law under the WTO TRIPs framework. Thus, for the first time in International Law, member states are required to provide within their national law effective procedures and remedies for the enforcement of intellectual property rights, either through the normal civil judicial process or through other appropriate measures. It is also that under the WTO member countries can pursue remedies for non-compliance or non-fulfillment of specific obligations through the dispute settlement mechanism or ultimately through recourse to trade or cross-retaliation (South Centre 1996: 7).

One of the substantive additions in the TRIPs agreement on copyright is the requirement that computer software be protected as literary works. Data compilations are protected similarly. For the music industry the main additions to the area of copyright law is the extension of the term of protection for authors to be no less than fifty years. Performers are given protection from unauthorized recording and broadcast of live performances (e.g. bootlegging). The protection for performers and producers of sound recordings have been expanded from a
prior minimum of 20 years under the Rome convention to no less than 50 years. Broadcasting organizations have control over the use that can be made of broadcast signals without their authorization, for at least 20 years (Maskus 1997).

The TRIPs agreement has also introduced rental rights. It applies generally to computer programs and cinematographic works. The agreement states that the title-holder should be entitled "to authorize or prohibit the commercial rental to the public of originals or copies of their copyright works." This obligation, however, only applies to cinematographic works when widespread copying linked to rental of these works is impairing the economic rights of the title-holder. This particular discipline has grave implications for video rental shops. Similar rental rights have been granted to producers of sound recordings (through an expansion of neighboring rights) with the proviso that if a "system of equitable remuneration" were in place by April 1994, the member country could maintain this regime in lieu of exclusive rental rights. This exception was tailor-made for the Japanese hybrid rental system. The addition of rental rights is likely to inhibit the distribution of bootleg copies of foreign performers in countries with weak neighboring rights.

Despite the obligations contained in the TRIPs agreement, theft of copyright will not be settled in the near future. This is because although most countries are members of the WTO many do not have the appropriate legislation in place and, or the enforcement capability to deal with infringements under International Law. Additionally, the emergence of new consumer electronic products, the digitization of information and the convergence of telecommunications and media services is likely to make some existing forms of piracy obsolete as well as to create new areas of infringement. For example, the entry into the market of recordable CDs or DATs has created new avenues and more sophisticated mechanisms for counterfeiting. Music on the Internet has also grown to be a problem of significance given the ease with which recorded music can be downloaded and reproduced. In response to the context of digitization, WIPO has introduced two new International Treaties, the WIPO Copyright Treaty (WCT 1996) and the WIPO Performance and Phonograms Treaty (WPPT 1996). The WCT enlarges the copyright notion of public by extending an author’s right of communication via digital transmission. It also obliges states to provide adequate protection and effective legal remedies for the protection of rights in the digital context. The WPPT contains similar provisions to that of the WCT. It has enhanced the protection granted to performers and phonogram producers as established under the Rome Convention. It also includes provisions that establish TRIPs-plus norms, for example, moral rights are conferred on performers for the first time (del Corral & Abada 1998; von Lewinski 1997).

These transformations in the regulatory environment are proffered to be of great importance to the cultural industries in the developing world. For example, it is
suggested that “literary and artistic creativity is universally distributed, and situational disadvantages seldom preclude authors in developing countries from entering domestic or foreign markets” (UNCTAD 1996: 38). Consequently, a strengthened copyright environment under TRIPs may result in the following kinds of benefits:

...neighboring rights may be of particular interest to countries endowed with oral traditions and culture, in the representation of which “authors” are usually performers as well. Expressions of folklore that often fail to qualify for copyright protection can thus indirectly obtain protection from rights in performances, fixations and broadcasts. Similarly, the protection of phonogram producers allows developing countries to establish their own sound-recording industries which promote the dissemination of national culture both within and outside the country, and also foster export opportunities. In the same vein, broadcasting organizations in developing countries can benefit from protecting costly programmes against unauthorized reproduction, and rebroadcasts of major culture and sports programmes abroad are potential sources of foreign exchange (UNCTAD 1996: 39).

A contending view is that the implications of the TRIPs agreement for developing countries may include problems such as additional administrative and enforcement costs, increased payments for foreigners' proprietary artistic works, price increases associated with greater market power for copyright producers and the costs of displacement of pirate activities (Braga 1995: 398-9).

Copyright and Music in the Digital Age
Perspectives on the music industry have gone through some redefinition because “what was treated in the 1960s and 1970s as manufacture, an industry primarily selling commodities to consumers, came to be treated in the 1980s as a service, ‘exploiting’ musical properties as baskets of rights” (Frith 1993: ix). This changed view of the music industry is of particular relevance to developing countries since music is one of the copyright industries where they have established some export capabilities.

The convergence of the telecommunications and the media industries as a result of satellite and digital technologies make it "irrelevant to distinguish between transmission of images from voice, data or text" (UNCTAD/ILO 1995). The rapid expansion of Internet services illustrates the point. It is suggested, by some industry analysts, that the Internet will revolutionize product sales and marketing, change the nature of piracy and royalties collections as well as upset the balance between the major recording companies and the independents thus giving the consumer greater choice. However, these gains are dependent on wider access to Internet services internationally, improvements in the download
capabilities of personal computers and the introduction of world-wide legislation to implement the International Standard Recording Code (a built-in electronic code that identifies all recordings) (Hayes 1996: 14-15). The emerging industrial structure is likely to eliminate existing forms of copyright infringement while creating new challenges to copyright protection and royalties collection.

Music recordings are very prone to international piracy and other forms of copyright infringement. Piracy is quite common in countries where IPRs legislation is scant and weakly enforced. It is estimated that the global market for pirated CDs and audio cassettes was worth US$4.5 billion in 1998 and amounted to 11.6% of the global turnover of soundcarrier sales $38.7 billion (IFPI 1999b). Pirate activity has grown rapidly in the late 1990s as a result of the over-capacity in world-wide CD manufacturing and the advent of new forms of piracy such as CD-Rs and the Internet. The International Federation of Phonographic Industries (IFPI 1999a) estimates that CD-R piracy may account for as much as an additional 15% to the 400 million pirate audio CDs and is becoming so widespread “ranging from full-scale cottage pirate industry to school children selling compilation CD-Rs in the playground.” It is also estimated that there are in excess of 500,000 infringing files (e.g. illegally posted songs in MP3 format) on the World Wide Web.

Copyright protection and collections are administered through copyright societies. The largest societies are ASCAP and BMI in the US, GEMA in Germany, JASRAC in Japan, PRS in the UK, SACEM in France and SGAE in Spain. The various national copyright societies are members of CISAC (Confederation Internationale des Societes d’Auteurs et Compositeurs). The operations of these organizations provides a legal and business framework for the protection of authorship, uniqueness and reproducibility against copying and piracy as well as for the commercial exploitation of copyright through licensing fees and royalties. Collections by the main societies have grown appreciably in the last few years. As table 2 shows, collections of ASCAP, BMI and PRS have grown at a rate of 28.3%, 52.3% and 46.8%, respectively, over the period 1991 to 1997.

INSERT TABLE 2
Income from international royalty collections was estimated at US$ 6 billion in 1995, approximately 15 percent of soundcarrier sales. North America and Western Europe are the dominant regions with gross collections of $1.4 and $3.4 billion, respectively (MBI 1997). The US and the UK are the two major surplus

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5 The names of collective administration organizations mentioned by their abbreviations are as follows: ASCAP - American Society of Composers, Authors and Publishers, BMI - Broadcast Music Inc., GEMA - Gesellschaft für musikalische Aufführungs-und mechanische Vervielfältigungsrechte, JASRAC - Japanese Society for Rights of Authors, Composers and Publishers, PRS - Performing Right Society in the UK, SACEM - Societe des auteurs et compositeurs et editeurs in France and SGAE - Sociedad General de Autores de Espana.
countries in that they collect more royalty income than they pay out. As table 2 shows the rate of growth in foreign income for ASCAP and PRS has kept pace with that of gross collections. For BMI foreign income has expanded at a faster rate than gross collections. These earnings are likely to grow in coming years as a new infrastructure is being established by CISAC (called the Common Information System) to increase the efficiency of usage monitoring, data processing, information exchange, and income reporting and distribution between societies and their members.

Globalizing trends signify an expanding market for entertainment products and services. The growth of new technologies is also impacting on the viability of the sector in many positive ways. The new digital and telecommunication technologies facilitate a global reach that was impossible before. According to some analysts “most of tomorrow’s entertainment and information products will be recorded digitally, stored digitally, transmitted digitally, and received digitally” (Goldstein 1994: 197). It is anticipated that consumers will have a greater variety of product and service to choose from. Many analysts have likened the emerging scenario to that of a global jukebox (Burnett 1996).

New products and new delivery systems suggest opportunities for new entrants. The issue that arises for developing countries is whether they will be able to develop the expertise and infrastructure to tap into this growth potential. There are essentially two schools of thought on this matter. One school suggests that the new technologies will smooth the entry of small players and promote a democratization of the marketplace. For example, Paul Goldstein, in his book entitled “Copyright’s Highway”, argues that:

The celestial jukebox, with its enhanced, world-wide access to raw materials of literary and artistic creation and the means to craft them into new products, will reduce the infrastructure costs - printing plants, film studios, distribution channels - that presently exclude less developed economies from creating substantial copyright export industries (1994: 234).

Other analysts are a bit more cautious. It is argued that market control and the profitability of the entertainment industry have moved away from the production side towards the distribution and royalties collections. This is the case with technologies like the Internet where product can be marketed online or downloaded directly to the consumer without a wholesaler or even a retailer. As one analyst put it:

The problem that needs to be solved is ‘who gets the royalties’. Any digital jukebox will have to sort out who gets the revenue, how it’s collected and how
Copyright and Music in the Caribbean

The Caribbean provides an interesting case study of the implications and prospects for developing country participation in the global music industry in the context of the TRIPs copyright regime and the changing technological/business paradigm. This is so because of the region’s long history of involvement in the global music industry through the export of genres like calypso, zouk, merengue, reggae and dancehall. The region has also experienced long-standing problems in relation to copyright protection and royalties collections. The paper examines these issues to evaluate the prospects for the region.

Legislative Framework

Copyright legislation in the Caribbean Community (CARICOM), under colonialism, devolved from United Kingdom legislation, specifically the Copyright Act 1911 or the Copyright Act 1956. Even after independence several territories continued under UK laws. Thus, until the early 1990s there were three categories of copyright legislation in force in the Anglophone Caribbean: (1) those territories under the UK 1911 Act; (2) those with the 1956 Act; and (3) those which have put in force new copyright laws after independence (De Freitas 1991: 16; Pollard 1989). From the late 1970s the governments of the respective territories were faced with lobbies from the music industry for updated laws. However, it was not until legislative reform in the 1990s that most territories developed new laws. The new copyright laws have largely been driven by external demands, for instance, the WTO TRIPs agreement, the bilateral agreements between the US and Jamaica and Trinidad and Tobago on Intellectual Property Protection and Enforcement, and the new WIPO treaties on Copyright and Related Rights (Daley 1999: 4). Most territories have updated their laws to comply with the WTO TRIPs deadline of January 01, 2000.

Participation in international copyright regimes or institutions was minimal prior to the 1970s. Caribbean membership in the Berne Convention started with the Bahamas in 1973 followed by Suriname, Barbados, Guyana, Haiti, Jamaica, St. Lucia, St. Vincent and Trinidad and Tobago. Membership in WIPO also started in the mid-1970s and includes most territories. All thirteen CARICOM countries are members of the WTO and are therefore subject to TRIPs compliance.

Collective Administration

In the digital era royalty income has emerged to be an important source of income in the music industry. Royalties accrue to copyright owners (e.g. composers, songwriters, lyricists and music publishers) from the public performance or broadcast of their works. Copyright owners are paid royalties...
from collections made by collective administration organizations based on surveys of the performance and broadcast of their works.

Up until 1998 there were three active collective administration organizations in the Commonwealth Caribbean: the Performing Right Society (PRS) of the UK and the Copyright Organisation of Trinidad and Tobago (COTT), for author’s rights and the Barbados Agency for Musical Culture Incorporated (BAMCI), for neighbouring rights. In terms of author’s rights, the Commonwealth Caribbean territories, with the exception of Trinidad and Tobago since 1985, have operated under an agency arrangement with PRS. PRS had five agencies until recently in the following territories: Bahamas, Barbados, Dominica (which covers Antigua), Jamaica and St. Lucia. National societies have come on stream in Barbados (BACAP – Barbados Association of Composers, Authors and Publishers), Jamaica (JACAP – Jamaican Association of Composers, Authors and Publishers) and St. Lucia (HMS – Hewanorra Musical Society) in 1999 (Demas 1999).

The key issues affecting collective administration in the region is the institutional capability to license users, monitor usage, expand domestic and international collections and administer the distribution of copyright income. The significance of the problem has been recognized recently by the regional governments. In July 1997, the CARICOM Ministers responsible for Intellectual Property, agreed that a feasibility study for a regional approach to collective management should be developed and gave a mandate to WIPO to initiate the project along with a taskforce consisting of representatives from PRS and CARICOM. The taskforce was required to conduct a fact-finding mission, the aim being to develop the most appropriate strategy and business plan for such an organization. The feasibility study has been completed and it recommends the following infrastructure (Berry 1999: 78):

a) **Independent national societies**, where such societies can finance their operations out of income derived from a reasonable administration fee which should not exceed 25% within a period of five years. A national society should administer the rights of more than one country where individual countries cannot meet the minimum income threshold.

b) **A regional centre**. The centre would be expected to centralize documentation and royalty distribution functions for national societies. The centre should also have the authority and capability to conduct regional and international negotiations of all types and to develop and implement regional policy with respect to intellectual property legislation and related regulations, rights administration and market development for regional intellectual property right-owners. It should apply and implement international documentation standards across the region.

c) **A regional database** comprising documentation on the active works and sound recordings of Caribbean creators and performers. The database should incorporate documentation standards set by CISAC and IFPI.
In part, the strategy being adopted by the Caribbean territories is premised on the model of LATINAUTOR. In fact, the regional approach has selected SGAE (the Spanish copyright society) software, which had been developed for LATINAUTOR. LATINAUTOR’s purpose is to integrate Iberoamerican repertoires and to develop a common system for the collective administration of author rights. The main objectives of LATINAUTOR are as follows:

- To centralize Authors Rights licenses in transnational uses of the repertory.
- To create a documentation centre for Latinoamerican repertory.
- A multinational agency to negotiate with multinational users.
- To provide technical support to societies and Legislators for improving legal and management conditions.

LATINAUTOR has moved to expand its mandate. It envisions a wider mission and objective to prepare the organization for the implementation of the (CIS) common information system. The proposed changes involve:

- The establishment of a works code for worldwide identification (ISO recognition).
- Electronic communications with other societies.
- The provision of information services.
- Joint venture agencies to provide central management for common markets.
- Harmonization of management processes.
- New tools for digital use of the repertory.

The LATINAUTOR model has great merit. It is evident that the organization is gearing up for the digital era of copyright by enhancing documentation, regionalizing operations and implementing new technologies and management systems. Caribbean countries should follow suit and further embrace a regional response.

**Royalties Collections**

Royalties are a small but growing source of revenue in the music industry. Regionally, royalty collections have been hampered by the high level of piracy and other forms of copyright infringement, for example, unlicensed users. Many Caribbean artists have not been educated on how to secure their copyright and continue to be subject to infringement in spite of the new laws. A large percentage of musical works by local artists and publishers are not properly documented and so royalty payments go unidentified, particularly in overseas markets. In addition, regional collections, where musical works from the region are highly represented, have been faced with the problem of high administration costs under the agency arrangement with PRS thereby reducing net distribution to right owners.
Data on the foreign royalty income of the region is currently unavailable. The information generated by PRS only consists of data on outflows from the region and not on their inflows from foreign societies. It is only in the case of Trinidad and Tobago that there is information on inflows and outflows. Thus table 3 shows the royalty exports or outflows for the Bahamas, Barbados, Dominica, Jamaica, St. Lucia along with that of Trinidad and Tobago. Royalty exports have more than doubled over the period 1991 to 1997, from approximately £362,000 to £810,000.

In Trinidad and Tobago COTT’s function is to protect the rights of its members by licensing and collecting royalties. COTT has a reciprocal agreement with PRS, which allows COTT to represent foreign repertoire as well as have its members repertoire secured internationally. Under the reciprocal agreement, 70% of broadcast income collected by COTT is paid to PRS for international distribution. COTT revenues expanded by 30% between 1995 and 1996 to $466,000, 90% of which was from local collections (see table 4). Royalties on local music from foreign societies continues to be about 10% of revenues but grew by 43% over the two years. Collections on local music at home grew by 36% because of the overall increase in awareness about copyright issues. Payments to foreign societies expanded by 30% and continues to be the largest component in distributions.

The division of earnings represents a deficit in international payments for Trinidad and Tobago because of the relatively weak position of local music in domestic and overseas markets. It is generally recognized that the overseas income collected does not accurately represent the extent to which Trinidad and Tobago music is performed and broadcast in the major music markets, especially the US. This problem is a function of the business practices of the major collection societies.

The US collection societies, ASCAP, BMI and SESAC Inc., employ a mixture of survey system methodologies (i.e. census, sample and analogy) which serve as a basis for royalties distribution. For radio performances they utilize BDS (Broadcast Data Systems) tracking data which captures mostly mainstream commercial formats (i.e. Country, Pop, Rock, Spanish, Urban and R&B) from 100% monitoring of more than 900 radio stations. ASCAP and BMI ‘explode’ the BDS data to represent the full value of the ‘radio universe’. SESAC, on the other hand, employs a dual tracking system: (1) BDS data is exploded to radio stations...
not monitored by BDS but have similar commercial formats, and (2) for radio stations with other formats (e.g. classical, college, gospel and jazz) charts from industry recognized trade magazines are used as a basis for distribution (PRS 1999). The result from these survey methodologies is that foreign repertoire is underreported and so is disadvantaged in royalty payments.

Royalty distribution for live performances, an area where Caribbean music is heavily featured, is another area where the performance is underreported based upon the methodologies employed by the US collection societies. For example, ASCAP and BMI survey the top 200 grossing pop concerts as reported annually in Pollstar magazine. ASCAP also surveys ten selected concert venues across the US. For genres outside the mainstream ASCAP and BMI conduct a full census on concert programmes for symphonic and recital music. SESAC does not survey live performances but uses the broadcast data as a basis for distribution of the royalties collected (PRS 1999). The result is that the extent of Trinidadian music played in public performances goes unregistered, especially in the overseas Caribbean carnivals in North America, of which there are several. These carnivals have grown to be the largest festivals in the US based on attendance and income generation, for example, New York’s Labour Day carnival attracts over 2 million people and generates US$ 75 million in overseas visitor expenditures (Nurse 1997).

The problems being identified here are not restricted to the Caribbean in that most collection societies are concerned about the business practices of the US performing rights bodies and the relatively low sums of money they receive from them. It is estimated that 10% and 6% respectively, of ASCAP and BMI’s distributions are to non-members. These figures would double when one takes into account the royalties collected by US sub-publishers representing members of other societies. However, this does not obviate the fact that “the US has one of the lowest performance royalty collections as a percentage of GDP and that the US performance rights bodies’ costs as a percentage of collections are high for a large territory” (Music & Copyright 1998: 5). This is the case for two reasons. First, the politics of the US market is such that industry associations representing the beverage retail and restaurant sectors as well as broadcasters have a strong lobby in the US. Second, the US collection bodies expend a lot of effort competing against each other through award ceremonies and trade press advertising (Music & Copyright 1998: 14).

This situation is anticipated to worsen with the extension of the 1976 ‘Aiken exemption under the Copyright Term Extension Bill which was enacted in 1998. In the political horse trading for the Bill the National Restaurant Association and the National Licensed Beverages Association were able to expand the scope of the exemptions through an attachment to the Bill entitled the ‘Fairness in Music Licensing Act’. The implications are such that as much as 70% of US bars and
restaurants are exempt. It also allows small and medium-sized retail outlets to not pay royalties for radio and television broadcasts on their premises (Music & Copyright 1999: 2). The Act is considered to be an obstacle to trade and is thus in contravention of US obligations under the Berne Convention and the WTO TRIP’s copyright provisions. The European Commission launched a dispute settlement claim against the US at the WTO in December 1998 and the Irish collection society, IMRO, has threatened ASCAP with class action (Music & Copyright 1999: 1).

COTT has responded to this context by negotiating with PRS for an amendment to the reciprocal representation agreement. The September 1999 amendment allows COTT to license directly its repertoire in the North American overseas Caribbean carnivals. This bodes well for COTT as it can adopt a proactive approach to expand its overseas income, which has remained low especially from the US.

Piracy
In the Caribbean copyright infringement has been rife in the music industry since the late 1970s with the advent of audio-cassette duplication technologies. The record manufacturing activity has been severely affected by local and foreign pirates. For example, in the case of Trinidad and Tobago, it is estimated that 40 - 50,000 units used to be sold per year on the local market during the 1970s. Latest estimates suggest that the combined sales of vinyl records, cassettes and CDs amount to only 20 - 25,000 units annually, and a large percentage of this is to the visitors at Carnival time or to locals who are purchasing for their family and friends abroad. Rough estimates suggest that the pirates control as much as 80% of the local market for recorded music. This is related to the fact that one of the largest import items in the entertainment sector is unrecorded audiotapes, peaking at TT$2.4 million in 1995 and declining to $1.5 million in 1998 (see table 5). Other forms of tape are also imported in large volume. Magnetic and other magnetic tapes imports have expanded over the period to the combined value of $5.6 million in 1997. Recordable CDs or CD-Rs have become a feature in the late 1990s and have gained in prominence in the pirate market.

The decline in local record sales can also be explained by the downturn in the economy, however, the volume of cassette recorders and cassette dubbing/reproducer machines imports signal a high level of home taping and pirate activity. Table 6 below shows the value of imported recording apparatus for the period 1995 to 1998, where import value ranges from $4.0 to $6.0 million over the period. Sales in overseas markets are also subject to high levels of piracy. Record producers report that as many as twenty pirate CD compilations can be found in overseas markets, especially New York. Piracy, though significant to artists and publishers, have not been pursued through legal
channels because of the high cost of litigation and the tendency of the policing agencies to view the infringing matter as too small.

Legal measures are available for prosecution with the passing of the new copyright Act in 1997. Under the Act the High Court has “the power to grant injunctions, impound and destroy suspected copies and manufacturing equipment and to order the payment of damages related to losses suffered by the right owner” (Clause 38). The Act also allows for the maximum penalties of a fine of TT$100,000 and imprisonment for 10 years for offences connected with infringement. However, the policing procedures are outdated and unresponsive. In general, members of the protective services and the judiciary have a limited knowledge of copyright law. There is also a common view that copyright infringement is not a serious crime.

Based upon the above trends it has been recommended by WIPO (1998) that a regional ‘banderole’ programme be established, Jamaica, Barbados and Trinidad and Tobago are to be the first countries. The banderole, a sequentially numbered authentication stamp with special security markings, is placed on a soundcarrier, which enables legitimate product and imports to be identified. The banderole has been successfully implemented in Ghana. The benefits to the music industry have been significant. For example, the banderole system has resulted in positive changes in the following ways (WIPO 1998):

- A reduction in the rate of piracy from 90 percent to 10 - 15 percent.
- A significant jump in the sale of legitimate product. Prior to the introduction of the banderole hit records only sold between 2,000 to 3,000 units, but now they sell between 200,000 and 500,000 units.
- An authentication system for locally produced musical works and imports. Legitimate record products and producers require validation by the copyright and customs authorities.
- Accurate statistics on the number of musical works produced and imported ensures that record producers are made more accountable to artists for record sales.
- Tax revenue for the government.

As indicated by the Ghanaian case the banderole system requires a comprehensive and coordinated approach from customs, police and copyright administrations. This goal may prove to be difficult given the pressing demands on governmental resources. It is suggested that a parallel approach would be to introduce a levy on blank audio-tapes and CDs as well as on duplicating equipment (WIPO 1998). As tables 8 and 9 illustrate the importation of these items are not insubstantial.
Conclusion

The TRIPs agreement and the subsequent WIPO copyright treaties call upon all WTO members to strengthen their copyright protection regime especially in response to the new technological challenges, for example, digital piracy. The analysis suggests that the implementation of updated legislation and enforcement procedures will further facilitate an outflow of royalty payments from developing countries as they are net importers of copyright works. This means that the balance of trade in royalties can become further skewed in the interest of the developed economies unless developing countries implement more dynamic and innovative ways to market their music as well as pursue more aggressive strategies to collect overseas royalty income. In short, the new digital context, with its emerging opportunities and threats, calls for developing countries to move beyond legal compliance to institute industrial and export policies for the music industry. These measures could involve policies such as the setting of an appropriate fiscal regime, market development grants, business support services and local content regulations for broadcasters.

The explosion of digital technologies facilitates the growth of copyright income from musical works. Developing countries can participate in this process by becoming more competitive and export-ready. However, the gains will not flow automatically from the new Internet super highway as collections are essentially a function of the market power of the repertoire, the negotiating leverage of the copyright organization and the business acumen of cultural entrepreneurs. From this perspective what is required is a more aggressive approach to tracking down the use of Caribbean copyright material, locally, regionally and internationally. For instance, Caribbean countries need to address the issue of the survey methodologies of the US collection societies. Alternatively, they should seek to pursue direct licensing as COTT is proposing for the Caribbean carnivals in North America. The movement towards a regional approach to copyright administration, modeled on the LATINAUTOR approach, is a step in the right direction in that it will reduce administration costs, upgrade technological capabilities and enhance negotiating strength with foreign collection societies.

Within the various national economies in the Commonwealth Caribbean efforts should be continued to strengthen intellectual property protection to reduce piracy and other forms of infringement. This would involve a process of institutional capacity building for the key stakeholders in the music industry, particularly in terms of training and human resource development. As the case of Ghana illustrates, the implementation of the banderole anti-piracy program has some significant spillover effects, which could provide an important fillip to the regional music industry once there is effective enforcement. The anti-piracy effort can be further accelerated through the establishment of a private recording levy on imported blank audio-tapes and CDs as well as on duplicating
equipment as is done in several European countries. These measures increase the cost of operations of the pirates and reduces their market share, thereby expanding the market for legitimate product. Ultimately the anti-piracy effort will depend upon the general public appreciating the value of copyright works. Public awareness and education are thus required for the anti-piracy thrust to be sustainable.
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Introduction
Tourism is the mainstay of most Caribbean economies having surpassed the traditional agro-based and natural resource-based export economy in terms of foreign exchange earnings and employment. Relative to other regions in the world the Caribbean has the highest level of dependence on the industry when tourism receipts are compared with services and merchandise exports. In the ten-year period from 1989 to 1998, the region enjoyed a growth in surplus (i.e. receipts – expenditures) from US$6.5 to $11.3 billion. This was achieved through an annual average growth rate in tourist arrivals of 4.5% and 8% in tourist receipts, which is comparable with international tourism growth. Over the period, tourist arrivals in the Caribbean as a share of total arrivals in the Americas have stabilized at 12.5%. Receipts, on the other hand, have declined from 13.3% to 12.3% (WTO 1999).

The region’s continued success is not assured given emerging trends. A large share of the growth in Caribbean tourism is attributed to the significant increase in cruise ship arrivals and the rapid spread of “all-inclusive” resorts. Both tourism products provide for higher levels of quality control within a framework of vertical integration. The downside is that they allow for increased external control, foreign exchange leakages and lower levels of local value-added (Patullo 1996). In addition, the growth in Caribbean tourism in the 1990s is directly related to rapid expansion in Cuba and the Dominica Republic. In comparison, growth in arrivals has been much slower in the Commonwealth Caribbean and the Dutch and French West Indies (CTO 2000).

Caribbean countries are considered relatively high priced destinations. The profitability of most hotels and tourism-related firms are affected by high operation costs due to the large import bill in the industry. These observations signal that the regional tourism industry is losing its competitiveness from a financial perspective. It is also recognized that tourists today are looking for more than just “sun, sand, sea and sex” and thus even the image of Caribbean tourism is under competitive pressure. This is exemplified in the shift away from high-impact mass tourism towards more environment-friendly and community-oriented travel options such as eco-tourism, adventure-tourism as well as cultural and festival tourism.

An analysis of the international experience with cultural and festival tourism suggests that there is much scope for growth. Changes in the tastes and demographics of international travelers are such that there is greater demand for authenticity in the tourism experience and consequently a shift away from mass tourism (EIU 1993; McCarthy 1992). It also appears to be an effective means by which a country can differentiate its tourism product in the increasingly competitive world of global tourism. This approach calls for a strategy of market
segmentation and niche marketing. It also calls for increased investment in the arts and cultural industries to differentiate the local experience and to establish an identifiable “brand”.

Festivals are public themed celebrations that exhibit the history, worldview, and social and cultural identity of a community (Getz 1997: 7-8). Festivals are as old as human civilisation and play an integral role in the development of world society. A critical aspect of festivals is the way in which they facilitate creative expression, allow for social catharsis and bolster the cultural identity and confidence of a people. From this standpoint festivals can be an important ally in promoting authenticity in the tourism industry as well as fostering a positive socio-cultural impact (Bushell & Jafari 1996). This is manifest in strong word-of-mouth promotion and the general “good-feel” that they generate. A sustainable festival tourism strategy is therefore reliant on creating a significant psycho-cultural impact.

Festivals have emerged to be an important contributor to the tourism industry throughout the Caribbean. In many territories the peak in tourist arrivals coincides with some event, particularly a musical or carnival festival. This is the case in Trinidad and Tobago, St. Lucia, Barbados, Jamaica, St. Kitts and the Dominican Republic. Festivals throughout the region contribute in a significant way to boost tourism arrivals, visitor expenditures and hotel occupancy rates. Festivals have also made an important contribution because they perpetuate and transplant Caribbean culture and values and influence global culture, media and public opinion. In spite of this contribution to the diversification and the competitiveness of the tourism industry there is little or no published data, with a few exceptions, by the various national and regional tourism authorities.

The synergy between tourism and the arts, entertainment or cultural industries is largely under-researched in the Caribbean. This state of affairs can be explained by the fact that the cultural industries have traditionally been viewed as leisure and recreational activities and not as a commercially viable sector. For example, there are few studies of the business and economic aspects of the music and audio-visual sectors. Another problem is that the demand-pull of the cultural industries tends to be excluded if not minimized in analyses of the tourism industry. This is in relation to both the role of the performing arts in providing entertainment in the hospitality sector (i.e. live performances in the tourism zone: hotels, resorts and restaurants) as well as the contribution of festivals and other events in enhancing the image of a destination.

The Economics of Festival Tourism
Festival tourism can be viewed as a sub-component of the larger phenomenon of cultural tourism. The term cultural tourism is subject to much confusion and varied interpretation. For example, cultural tourism is often viewed as
synonymous with heritage tourism, historical tourism, arts tourism or ethnic tourism. There is an element of truth in each term in that cultural tourism can be viewed as including activities such as touring historical, heritage and archaeological sites; visiting art galleries, museums and craft exhibitions; and attending arts performances, live entertainment and festivals. A useful definition is that offered by McCarthy (1992: 2):

*Cultural tourism describes the phenomenon of people travelling for the sake of experiencing either another culture (“the concepts, habits, skills, arts, instruments, institutions, etc., of a given people in a given period; civilization”) or the cultural attractions of particular place (its museums, festivals, galleries, artists, musicians, theatre, architecture, etc.).*

A review of the literature on cultural tourism suggests that a large proportion of the studies focus on heritage sites (e.g. monuments) and the “high” arts (e.g. art galleries and opera). An area that is often neglected is that of live entertainment and popular culture (Hughes 1996). This observation is of particular significance to the countries of the Caribbean in that many of the heritage monuments are institutions of oppression, for example, colonial forts, plantation houses and sugar mills. The heritage of the mass of the population is rendered invisible in historic buildings and monuments. This is so because the heritage and legacy of the masses is celebrated in the popular arts, which embody social protest, affirm social identity and recall psychic memory. The popular cultures of the region embody both celebration and resistance and are sites for the public display, negotiation and contestation of the varied social tensions and struggles of the society against class, race and gender oppression as well as representations of nation and empire. These sentiments are embodied in the following quote from Rex Nettleford (1990: 9):

Great Houses standing firm on hillocks overlooking lands where slave villages with houses made of the most perishable materials, may be part of the heritage. But such edifices stand to be used as evidence of the “lack of history” among the vast majority who some would say created nothing. Yet in the absence of such stone-and-mortar structures are other structures carved in the imagination and intellect of the mass of the population. So songs, stories, music, dance, religious expressions and rituals of the people handed down from generation to generation become central to the heritage.

An important feature of popular culture is that it is a major contributor to global culture through the commodification in the cultural industries. Commodification has facilitated globalization. This has been applicable to several popular culture art forms from the Caribbean. This is evident in the export success of musical genres like reggae, zouk, calypso, meringue, salsa, dancehall and soca (Nurse 1997). It is also the case with the large number of overseas Caribbean carnivals
(Nurse 1999). It can be argued that Caribbean popular culture, more than any other feature of Caribbean society, has had the greatest influence in advancing the region’s position and stature in the global cultural political economy and consequently, the region’s popular culture should be central to the cultural and festival tourism initiative.

Perhaps, the best example of people identification with the tourism product by way of heritage promotion is the development of Sunsplash, the reggae festival which attracts certain visitors to Jamaica for that reason and none other, to share in the heritage of popular music which is the creation of the people of Jamaica and now deemed as natural to it as are the sun, the sand and the sea (Nettleford 1990: 9).

Cultural tourism has emerged to be an important innovation and a new source for competitive advantage in the global tourism industry. The World Tourism Organization estimated that 37% of all trips have a cultural element (EIU 1993). Increasingly, it is being appreciated that the relationship between the tourism and cultural industries is such that cultural industries generate demand for tourism while tourism generates additional markets and income for the cultural sector (Myerscough 1988).

In instances where the cultural industries create a tourism demand it can be viewed as the “culturalization” of tourism. Alternatively, where tourism determines the growth of cultural industry then it can be termed the “touristification” of culture (Carlsen & Jafari 1996). The latter generally raises some concern about issues of authenticity in that the tourism enterprise has a long tradition of portraying indigenous cultures in an exotic and imperialist manner. The former is generally viewed in a more positive light in that the cultural tourist of this inclination tends to have a lot of knowledge and experience of the particular art form and thus invests in authenticity. It is this form of cultural tourism that this study explores.

Appreciation of the relationship between tourism and the cultural industries has grown with increased attention to the economic importance of the arts. For example, a British study notes that “the benefits to tourism are the expansion of special interest groups, a new potential clientele, and finally an expanded season as the arts are not dependent on the weather” (Myerscough 1988: 91). The contribution of the arts to the tourism economy was estimated to be 41% of overseas tourist spending. It is also that arts-related tourists stay 75 per cent longer and spend 64 per cent more per trip (Myerscough 1988: 85-86). The study concludes that arts tourism has a promising future because:

- The trade is a new and expanding market
- It has an up-market profile
• Levels of satisfaction are high
• Willingness to repeat the holiday or take a short break was high

The benefits to tourism of the cultural industries have gained in recognition on the other side of the Atlantic. In New York, it was estimated that approximately 40 percent of overseas visitors are cultural tourists, in what is measured to be a $2.5 billion industry (Alliance for the Arts, 1997; McKinsey & Company 1997). As in the case of the UK cultural tourists who visit New York tend to stay longer, spend more and have a keen interest in the arts, live performances and festivals. Another example is the case of Ontario, Canada. The Ontario tourism industry strategy projects that:

The single greatest emerging motivator for travel in the 1990s is ‘understanding culture’; ‘cultural, historical or archeological treasures’ are also important considerations for people planning a trip. As a result, Ontario’s strong arts, culture and heritage environment provides unique opportunities for growth. By building on existing events and festivals, Ontario will be able to capitalize on this growing trend in world tourism (ACTS, 1994: 35).

There are some very good economic reasons for embracing the concept of festival tourism. The experience with festivals and other cultural events is that they tend to create a tourism demand that is resilient and less susceptible to economic downturns. Festivals have several key economic and social roles:

- As attractions capable of spreading tourism geographically and seasonally, especially to destinations lacking alternative appeal;
- As animators of sites and other attractions;
- As catalysts for infrastructure development, including urban renewal and heritage conservation;
- As creators or enhancers of destination images;
- As alternatives to built attractions and high-impact tourism (Getz 1997: 51-55).

The economic impact of festivals is also quite significant. One of the better-documented festivals is the Edinburgh Festival in Scotland. The festival, which has multiple events, operated on a budget of £5.0 million and generated income of £44 million in festival related activities (e.g. tickets, programmes, merchandise, refreshments at the venues) and £9 million in accommodation, travel and food (Casey et al 1996: 100). A 1992 study in the UK estimated the total annual income of arts festivals to be £40.6 million of which box office receipts accounted for 43.3%, business sponsorship 16.7% and arts funding bodies 17.2% (Rolfe 1992: 70).
Caribbean Festivals and Tourism
Throughout the Caribbean festival tourism is gaining prominence in the tourism calendar. In many respects this growth is built on the success of a few festivals:

- *Reggae Sunsplash* in Jamaica, which started in the late 1970s and was succeeded by *Reggae Sumfest* in the early 1990s, can be viewed as the pioneer in terms of festival tourism in the Caribbean in the way in which the internationalization of reggae music became a magnet for tourism.

- *Trinidad Carnival*, which is a model to many regional and overseas Caribbean carnivals, has evolved into a festival tourism product and an entertainment industry not from strategic intervention but through an organic process of community development, aesthetic innovation and diasporic relations.

- Santo Domingo’s *Festival de Merengue* is an outdoor week-long celebration which was originally sparked by Puerto Rican visitors in the late 1960s and has been fuelled by summer travel by the large diasporic Dominican population.

- The *St. Lucia Jazz Festival* from inception was geared towards creating a demand-pull in a trough period in the tourism calendar. The festival has had strong media appeal and attracts an up-market audience of international and intra-regional tourists.

- The *Barbados Cropover* festival, originally a sugar cane harvest festival, was revived by the national tourism agency in 1974 to fill the void in the tourism off-season. The festival attracts mainly overseas nationals and intra-regional visitors.

- The *St. Kitts Music Festival*, which features multiple genres of music, was started in 1996 to act as a demand-pull for visitors in the low tourist season and to generate media exposure for the tourist destination. Returning nationals and intra-regional visitors are the major patrons.

Each of these festivals is observed to have a significant impact on visitor arrivals, airlifts and hotel occupancy rates with spillover effects on media industries, local transport (e.g. car rentals) and the food, beverage and restaurant sectors. Actual data on the economic impact of these festivals is largely un-documented, however. Where there is data the impact has been considerable.
Economic Impact: The Case Studies

Of the six festivals studied only three festivals (Trinidad Carnival, St. Lucia Jazz and Barbados Cropover) have done exit surveys, which provide quality data on visitor arrivals and expenditures. The following table provides an overview of the economic impact of the festivals.

**TABLE 1: Summary of the Economic Impact of Festival Tourism in the Caribbean**

<table>
<thead>
<tr>
<th></th>
<th>Trinidad Carnival</th>
<th>St. Lucia Jazz</th>
<th>Barbados Cropover</th>
</tr>
</thead>
<tbody>
<tr>
<td>Budget US$mn</td>
<td>2.0</td>
<td>1.55</td>
<td>1.021</td>
</tr>
<tr>
<td>Visitor arrivals</td>
<td>32,071</td>
<td>9,929</td>
<td>4,428</td>
</tr>
<tr>
<td>Share of annual visitor arrivals</td>
<td>9.2</td>
<td>3.9</td>
<td>0.86</td>
</tr>
<tr>
<td>Visitor expenditures US$mn</td>
<td>14.08</td>
<td>14.15</td>
<td>2.42</td>
</tr>
<tr>
<td>Share of annual visitor expenditures</td>
<td>7.6</td>
<td>4.9</td>
<td>0.34</td>
</tr>
<tr>
<td>Cost-benefit ratio: visitor exp./budget</td>
<td>704</td>
<td>913</td>
<td>237</td>
</tr>
<tr>
<td>Hotel occupancy rate (%)</td>
<td>95</td>
<td>74.5</td>
<td>53.3</td>
</tr>
<tr>
<td>Entertainment expenditures US$mn</td>
<td>3.1</td>
<td>n.d.</td>
<td>0.240</td>
</tr>
<tr>
<td>Departure taxes US$mn</td>
<td>0.517</td>
<td>0.099</td>
<td>0.055</td>
</tr>
</tbody>
</table>

The main finding of the study is that festivals create a strong demand-pull for visitors. The best case is that of Trinidad carnival which accounted for 9.2% of arrivals and 7.6% of visitor expenditures for the year 1998. The festival with the next best performance was that of St. Lucia Jazz, which contributed 3.9% of visitors and 4.9% of visitor expenditures. In the case of Barbados the Cropover festival accounted for 0.86% of annual tourist arrivals. The respective share of annual tourist expenditures was 0.34%.

Most festivals impact positively on hotel occupancy levels. The best example of how festivals impact on an off-season is that of St. Lucia where the month of May was converted from one of the worst tourist months to a position where it now enjoys above average occupancy levels (74.5%). A comparable example is the case of Reggae Sunsplash in Montego, Jamaica. When compared with a peak week (first week in February) in the winter tourist season hotel occupancy levels
in the week of Sunsplash averaged fourteen percentage points higher for eleven years, 1981 and 1983 to 1992.

The case of the Dominican Republic is also instructive. Arrivals and hotel occupancy levels in Santo Domingo jump in the month of July when the Merengue festival occurs. Over the period 1995 to 1999 the month of July averaged an occupancy rate of 71.7%, which puts it as the third highest month. In the case of Trinidad Carnival the festival is able to generate occupancy rates above 90%. This is achieved because of the large influx of visitors relative to the small hotel plant in Trinidad.

The festivals make a measurable impact on government taxes. The most illustrative case is that of the Trinidad Carnival. The festival has a large number of visitors and generates departure taxes of US$0.5 million, one-quarter of the budget of the festival. There are other tax benefits. When value-added taxes (15%) are applied to visitor expenditures of US$14.08 government earns US$2.1 million in indirect taxes. The combined effect is that taxes generated by the festival exceed government’s initial investment of US$2.0 million by approximately $600,000.

Festivals are not known for generating a large number of jobs or year-round employment, at least not directly. In this study it is notable that:

- The carnival type festivals (Trinidad Carnival and Barbados Cropover) have spawned entertainment industries that generate employment for artists and cultural entrepreneurs during the season and year round.
- During the 1998 Trinidad Carnival the sale of carnival related goods and services amounted to US$3.1 million. In Barbados the entertainment related expenditures for 1998 were $240,000.
- Year round employment is generated in the local and regional hospitality sector in addition to overseas performances in Caribbean carnivals and other festivals throughout the region and in North America, Europe and Japan.
- The indigenous music festivals (the Merengue Festival and Reggae Sunsplash and Sumfest) have also impacted positively on their respective music industries, which are estimated to earn over US$50 million in the export of goods and services.

Media value is one of the key benefits that these festivals provide to the host economy. The St. Lucia Tourist Board estimates that the media value of the Jazz festival is in excess of the budget of the festival. The tourist-inspired festivals
have attracted stronger media value than the other festivals. The foreign music genres facilitate easier access to international media and broadcast networks. The carnivals and the indigenous music festivals have found it far more difficult to gain such media value because of the limited exposure the art forms and the genres of music currently attract.

The benefit-to-cost analysis indicates that most festivals have a healthy yield or return on investment. The festival with the highest estimated benefit-to-cost ratio is that of the St. Lucia Jazz festival with 9.1:1. Trinidad Carnival is ranked second with a ratio of 7:1. Barbados Cropover generated a ratio of 2.4:1. These ratios, especially of St. Lucia and Trinidad, appear to be very competitive when compared with top international festivals like the Edinburgh Arts Festival, which generated a benefit-to-cost ratio of 11:1.

**General Findings**

The Caribbean festivals studied have made a significant impact on the tourism sector in terms of creating a new tourism season and/or filling the void in the tourism calendar by boosting airlifts and improving hotel occupancy levels. Caribbean festivals have done much to generate new tourism demand from the short break travel market, as well as from diasporic and intra-regional tourist groupings that are largely omitted in tourist marketing plans of most Caribbean tourism organizations.

The spending of festival tourists, which is considered “new” or incremental and counts as an export industry, has been very significant as a share of total visitor expenditure, where the data on visitor arrivals has been documented by exit surveys. Festival tourists are observed to be quite knowledgeable about the art forms and the region’s culture and history. Their spending habits are such that they tend to stay longer and spend more on local goods and services than the conventional tourist. They also tend to be repeat visitors and good word-of-mouth spoke-persons. High calibre (e.g. jazz and indigenous music festivals) and unique Caribbean festivals (e.g. carnivals) have an up-market appeal, attract international media and have proved to be a cost effective means to gain media exposure (e.g. publicity) and enhance the image and attractiveness of a tourist destination.

Caribbean festivals have been pivotal, especially carnivals and indigenous music festivals, in the development of an entertainment sector with export capabilities. Festivals give a fillip to the entertainment sector through creating new clients, markets and media exposure. It also stimulates infrastructure development, heritage conservation and investment into the arts.

Festival tourism in the Caribbean makes an important contribution to the wider economy in that it increases government tax receipts, generates employment and
sectoral linkages, attracts business sponsorship & cross promotions and has a spillover effect on ancillary sectors like the media and advertising industries, auto rentals and restaurants. Successful festivals build the society’s cultural confidence and image of self-worth and identity. In this way it creates a synergistic relationship between the tourism industry and community development.

Governments throughout the region have begun to incorporate festivals in a tourism development strategy. However, policy formulation and related research (e.g. economic impact assessments) have lagged behind and limited efforts have been made to invest in the development and infrastructure in the arts and cultural industries.

**Issues and Recommendations**

The festival context in the Caribbean is such that there are an increasing number of festivals, particularly music festivals. Countries like Barbados and St. Lucia have developed what can be described as a festival tourism strategy. One of the emerging problems associated with this development is the increase in regional competition. This is particularly evident in the proliferation of jazz festivals. The increased competition in festival tourism is also occurring with the carnivals. Countries like St. Lucia, Jamaica, Barbados, St. Vincent and the Grenadines and Antigua have been aggressively promoting their carnivals in the last few years. A problem of product differentiation has begun to arise as most of the carnivals source many of the same artists.

Marketing is one of the critical areas for upgrading among festival organizers. Most of the festivals lack marketing plans with clearly defined target markets and visitor profiles, as well as advertising and promotions strategies. One of the critical issues facing the various festivals is the problem of a shortage of trained personnel in the area of festival management. There is a dependence on foreign expertise in external marketing, artist procurement and stage management. Technical skills such as sound, lighting and stage are competitively procured from within the region.

Financial management and reporting is one of the weakest areas for festival organizers. For example, most of the festivals are not able to communicate effectively the yield and benefits of the festival relative to the costs. Business sponsorship is another weak area of festival management. This is so because the corporate community has had limited experience with festival and arts sponsorship and many festival organizers don’t have skills in writing business and sponsorship proposals.

A key recommendation is the creation of a regional association of festival organizations. There is much scope for joint marketing, cross promotions, the
pooling of resources and the joint procurement of technical services. The success of Caribbean festivals has been built on the calibre of the artists and the quality of the experience. Most new festivals need a gestation period of three to five years before they show some positive yield and benefit. Festivals require a sizable investment upfront to establish the brand and reputation.

Good festival management and planning requires proper measurement. Government participation or assistance in festivals should involve research and evaluation mechanisms. A key recommendation is that festival organizers need to continuously document and measure the economic impact of the festivals.
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CHAPTER SEVEN
THE STRATEGIC INDUSTRIAL AND EXPORT PLAN

The Case for Industrial Policy
In broad terms, industrial policy involves interventions by the state or other agencies (e.g. trade and industry associations) “designed to affect the allocation of resources among economic activities and alter what would otherwise have been the market outcome” (Leipziger, et. al. 1997: 595). Industrial policy can include instruments that fall under the ambit of trade, tax and credit policies. The rationale for industrial policy is premised on the need (1) to assist resource reallocation from declining to rising sectors; (2) to correct externalities associated with specific industries; and, (3) to use ‘strategic trade policy’ to help firms capture an international pool of profits in globally oligopolistic markets.

Based on these criteria the Caribbean music industry is a good candidate for intervention in that it is an emerging export sector plagued with market failure in key business services and weak institutional support at home and constrained by oligopolistic practices in mainstream markets.

It is recognized, however, that industrial policy is not an unqualified success. There are some problems, which have plagued efforts in various countries. It is noted that state intervention can (1) distort relative prices and lead to resource misallocation and a loss of economic efficiency; (2) introduce an additional complex political element since they provide a popular remedy for import-competing firms reluctant to adjust to trade liberalization; and, (3) inspire countervailing measures and competition among governments to outspend one another thereby squandering resources (Leipziger et al 1997: 595). The experience of successful industrial policy interventions, however, suggests that:

*It is possible to influence the market-place while taking account of price signals in setting priorities and mapping out strategies and, in so doing, serve the long-term interests of the enterprise sector and the economy as a whole (UNCTAD 1996: 78)*

The cultural industries and the sub-industry of music have not been traditionally viewed as targets for industrial policy. Industrial policy is largely associated with the manufacturing or goods sector. However, many of the problems and requirements of the goods sector, especially the small and medium-sized enterprise (SME) sub-sector, also apply to the cultural industries sector. For example, the problem of limited access to credit and finance, the high cost of export marketing and inadequate institutional capacity. Where the cultural industries differ relates to the fact that cultural goods and services are genre-driven products built on creativity and reliant on copyright protection. In broad terms the main features of the industrial context for cultural industries can be summarized as follows (UNCTAD/ILO 1995: 34-35):
Intellectual or artistic production is at the heart, while reproduction is a manufacturing process responding to a logic of industrial production.

Intellectual and artistic production is mainly betting on talent. Market risk is high because consumer taste is volatile and difficult to anticipate, which explains a high rate of failures to successes. Risk can be reduced by concentrating production efforts on a narrow range of universal story lines which are more likely to appeal to average taste.

The life cycle of products and services is very short and there is a need for constant innovation. Each entertainment product is typically a “one-off” and must be perceived as different from previous products, albeit minimally.

It is difficult to build consumer loyalty. For each product run, consumer taste must be nurtured and channeled. Massive promotional efforts and special mass-marketing techniques, such as the creation of a “star system” or show business gossip are essential.

The costs of reproduction are low in relation to initial production costs, which grants high returns to economies of scale in distribution, or audience maximization.

Products can be easily reproduced and companies can be considerably hurt by copyright infringement.

The foregoing analysis illustrates the specificity of the industrial challenge facing the cultural industries. Based on this industrial context, analysts argue that:

To build up a diversified industrial structure and reach a critical mass are essential in order to sustain increasing competition. Maintaining competitiveness requires financial and marketing muscles in order to assemble financing for intellectual and artistic production; to pay the high fees demanded by talented or world famous authors, movie stars, film directors or singers; to bear the relevant risks; to obtain consumer loyalty by promoting massively the product or the brand (the author) over a variety of media; to bundle the rights and protect them; and to be able to gain from ancillary markets such as merchandising. Vast global distribution networks are critical in maximizing returns and spreading the risk and cost over larger markets (UNCTAD/ILO 1995: 35).
Competitiveness Analysis

Industry Structure and Performance
The analysis reveals that artistic production is the strength of the Caribbean music industry but suggests that there is much scope for improvement in professionalism, entrepreneurship and product development. Manufacturing and merchandising are areas that have been plagued by business failure, competition from overseas and the seasonality of some of the art forms. Marketing, distribution and retailing are the weakest phase in the entertainment industry, both at the local, regional and international level. Copyright protection remains problematic because of the high level of piracy and collective administration has been largely dependent on foreign copyright societies, except in the case of Trinidad and Tobago. Overseas royalties collection is likely to improve with the establishment of a regional administration system. There is also an absence of dedicated training and educational facilities in the area of cultural industries.

The economic and export performance of the entertainment industry illustrates that there is an overseas market for indigenous cultural products and services but the sector is not as competitive as it could be, nor is it marketed appropriately to take advantage of existing opportunities. To expand the export market, the entertainment industry must create and nurture foreign demand through joint ventures or promotional and distribution deals with international entertainment firms. The export thrust will be facilitated by market and media access, human resource development and training, and innovation and industrial upgrading at home.

The sector is largely under-researched and suffers from inadequate data. This situation has made policy formulation difficult. Inertia and arrested development have been the order of the industry. Adequate market and industrial information is a pre-requisite for industrial expansion enhanced market penetration and sustained competitiveness.

The industry suffers from an under-developed enterprise sector, low domestic value-added, dependence on foreign manufacturing, distribution and marketing, weak institutional and political support and high levels of copyright infringement, particularly piracy (cassettes and CDs) as well as a large number of unlicensed users (e.g. radio stations, bars, restaurants and hotels). The latter problem is particularly acute in the Dominican Republic where a national collections society is yet to get off the ground.

These industry problems were compounded by the shift in the techno-economic paradigm in the mid-1980s towards CDs soundcarriers. The industry’s inability
to respond to the new manufacturing format made the industry more import dependent in the 1990s. The consequent decline or stagnation in income generation and export competitiveness reduced investment in the industry. It is not until the late 1990s did manufacturing investment for CD production emerge in Jamaica and the Dominican Republic. The industry is now faced with the new challenge of Internet-based technologies, which facilitate alternative distribution, marketing, promotion, merchandising (e.g. direct downloading), retailing (e.g. ecommerce) and broadcasting options.

The first phase of musical production, the artistic and creative component, is largely localized. The higher value-added phases of the industry, such as manufacturing, marketing and distribution have remained offshore. Consequently, a large share of the value-added and profits are externally controlled. This has stymied the conditions for learning and the process of industrial upgrading (Nurse 1997). For example, because the manufacturing is done overseas the industry is subject to slow delivery times, increased cost of freight, duties on extra-regional imports, double-duties on re-exports, and un-competitive prices. Under these circumstances firms have found it very difficult to export, to both regional and extra-regional markets. This has also resulted opportunities for the pirate market as firms are not responsive enough to market demands and are unable to offer prices that could steal away market share from the pirates. Unless these conditions are addressed the industry will be unable to move up the value-added chain, expand export earnings, and exercise control in the rapidly changing techno-economic context.

**Marketing Strategy**

The main export markets for Caribbean music have been the Caribbean territories and the Caribbean diasporic communities in North America and Europe. The mass or mainstream popular music market remains largely untapped. This market has traditionally been viewed as a monolithic entity but it has become highly differentiated and segmented with the creation of global niches since the 1980s. For example, the market share of pop and rock music in the US and UK have declined in 1990s (IFPI 1998). Musical genres like Country, Urban/Contemporary, Rap, Reggae and Latin music have gained market share. Another impressive growth area has been the category referred to as ‘World Music’. This niche is very diverse. It includes musical genres as varied as celtic music, zouk, soukous, cajun, rai, salsa and many more. Creating an identity within this broad category is critical as this is one of the fastest growing segments in the music industry. Caribbean artists and firms should endeavor to have a strong presence in the various ‘World Music’ festivals that take place in Europe.

One marketing advantage, which Caribbean music like reggae and soca enjoys is that the language used is English. English-speaking countries accounted for
53.4% of the exports in recorded discs and tapes in 1993 (UN 1995: 48). Additionally, it is well recognized that language barriers are not a hindrance to the worldwide distribution of music, especially music in English, given that it is the dominant language in international cultural exchange. The countries of the US and the UK are two of the leading markets for the international music industry. More importantly, they are the market trendsetters in that what is successful there tends to have a good chance of being successful elsewhere. The UK plays that role for Europe and the US for the whole world. The main marketing initiative should be targeted at the US and UK markets.

The rising demand for Latin music has enhanced the opportunities for merengue and bachata music from the Dominican Republic. Latin music has gained in mainstream market appeal as a result of the recent success of artists like Ricky Martin and Jennifer Lopez. The US has a large Hispanic population, which has facilitated this growth. Markets throughout Latin America have also become more lucrative with trade and financial liberalization and strong anti-piracy efforts.

From a marketing standpoint there are several market niches that can be further exploited. The diasporic Caribbean market, which numbers over 10 million, is far from being fully tapped for all genres of music. This market is important to secure because it acts as a beachhead in metropolitan export markets. These markets are subject to high levels of piracy but are generally neglected by national enforcement agencies because the numbers are presumed to be too small. The regional tourist markets, which attracts over 10 million visitors, requires a better distribution and marketing effort and can act as a basis for market crossovers. The increasing number of music festivals within the region can be targeted for improved market and media exposure for Caribbean artists. The minority and ethnic communities in North America and Europe are becoming increasingly receptive to Caribbean music but more needs to be done to build a market presence, especially through the college circuit and the overseas Caribbean carnivals. The Asian and African continental markets are still problematic because of the high level of piracy and low profitability in those areas. Non-traditional developed country markets such as the Netherlands, Germany, Denmark and Japan are becoming increasingly important.

Building an international image and reputation for quality is important. Participating in international trade fairs, festivals and awards ceremonies can acquaint artists and cultural entrepreneurs with the demands of the overseas market. The entertainment industry in the Caribbean needs to develop an aggressive posture to penetrate the international market. The rationale is that the industry is faced with the task of creating demand for new genres of music and other entertainment products and services. This may require the establishment of strategic alliances in some cases as well direct promotion in others. Foreign direct
investment, joint ventures and promotional and distribution deals are avenues that need to be seriously explored given the high barriers to export market entry.

**Enterprise Strategy**

The goal of many industry participants is to land a recording and/or promotion and distribution deal with one of the major recording companies. Many view this as the passport to success because it is very difficult to penetrate the mainstream markets without access to the retail and media networks that the major recording companies control. However, the majors are only prepared to invest where they see a particular type of music or artist moving in the marketplace. The major recording companies rarely invest in musical genres and artists that are untested in the marketplace. Instead, they rely on the risk-taking and experimentation of the smaller independent labels and companies. This suggests that it is important to have a well-developed independent sector of firms that can focus on artist and repertoire, product and market development. Facilitating the growth of independents is a key strategy to build the market for Caribbean music and attract the major recording companies.

Getting onto a major label is a very difficult endeavor and one that does not necessarily work to the advantage of an artist. It is not unheard of for artists after being signed to realize that they are not being promoted or that the label does not have a clear idea of how to market them. The majors also tend to have a fairly narrow payback timeframe and consequently an artist can be dropped when sales targets are not achieved within the stated period. Several Jamaican dancehall artists were dropped in the mid-1990s when sales of reggae did not meet expectations. The experience of dancehall artists suggests that being signed by a major label should not be viewed as an end in itself. It is also needs to be emphasized that many artists are able to make a reasonable living through the operations of the smaller independent sector.

The above analysis suggests that the export strategy needs to be multifaceted rather than just focused on landing a recording deal with a major recording company. There is a clear need to build a market trend to improve the bargaining power of local artistes and recording companies. Merchandise sales have to be improved first. Overseas performances should be used to promote merchandise. At present it is the reverse. Records and CDs are used to promote performances. Caribbean artists are not alone in this approach most artists earn more income from performance than from record sales. However, there is a lot of room for expansion by local artists. Not enough artists spend the effort to promote their merchandise. Many of our artistes go to overseas performances without a proper press kit, biographies and promotional materials. Many don’t do the radio circuit to build a faithful network of Disc Jockeys, especially in the non-traditional markets. In many respects the music has not moved out of the Caribbean.
diasporic or immigrant market and venues. The demands for this market, in terms of style, image, presentation and professionalism, are lower than that for the mainstream markets.

**Industrial Policy Strategy**

An increasing number of countries have begun to recognize the economic benefits of the music industry and have implemented industrial policies to enhance the competitiveness of the sector. An example of this trend is the increase in the number of national export agencies that participate in the largest annual music trade fair, MIDEM. In countries like Canada, the UK and Ireland active measures have been instituted to deepen the industrialization of the music industry. A regional initiative, the European Music Office, was established by the European Union in 1997.

Across the various country initiatives there is a general consensus that creating a competitive advantage calls for the continuous upgrading of artistic and entrepreneurial skills, enterprise development, market development, product and service innovation and the strengthening of the home environment. The Irish case is worthy of some mention. The industrial strategy was built on four strands (IMIG 1998):

1. Developing Irish music
2. Ireland as a location for foreign investment
3. Improved international exposure
4. Public relations/Information campaign

A similar perspective has begun to emerge in the Caribbean. JAMPRO and TIDCO have been engaged in some trade promotion measures. Caribbean Export Development Agency has assisted several firms through their competitiveness programme. In recent times industry players have articulated a position. At a regional meeting at the Caribbean Music Expo (CME), held in Ocho Rios, Jamaica, November 14-17, industry stakeholders (e.g. music producers, artists, distributors, media practitioners, attorneys and industry analysts) identified five critical areas for immediate action to promote the development of the regional music industry. The areas identified were:

1. The removal of customs duties on CDs, cassettes, records, and promotional videos containing performances, sound recordings, or musical compositions by artists from the region, to facilitate free movement of these products in CARICOM;

2. The development of strategic alliances and mergers between small distributors in the region to make Caribbean music more
accessible in the global marketplace, and to develop a regional grouping to lobby for further improvements in the music industry;

3. The introduction of content quotas for local and regional music to increase the amount of Caribbean music aired on radio and television throughout the region.

4. The introduction of anti-piracy measures at the national and regional levels to ensure the protection and remuneration of rights owners;

5. The implementation of a regional system for collective management of copyright and related rights to improve the collection and distribution of royalties regionally and internationally.

The issues and strategies identified above are designed to improve local and regional control of the production, marketing and distribution process. Such a strategy, however, calls for a wide range of expertise backed up by an industrial infrastructure, which are not currently in place. This report recommends nine key objectives and attendant strategies:

1. Expand income generation and competitiveness
   - Provide financial support for record producers and labels.
   - Upgrade and update record manufacturing.
   - Expand earnings from overseas tours.
   - Strengthen record publishing.
   - Upgrade merchandising
   - Introduce Internet based sales techniques

2. Facilitate export marketing
   - Increase participation in trade fairs.
   - Strengthen distribution channels.
   - Broaden mass media access.
   - Widen circuit of concert tours and festival engagements.
   - Develop a joint marketing strategy with tourism sector
   - Introduce Internet-based technologies and business practices.

3. Invest in human resource development
   - Artist development
   - Enterprise development
   - Technical skills development
- Professional skills development

4. Enable institutional capacity building
   - Establish a regional organization
   - Establish and upgrade national industry associations
   - Offer business support services
   - Develop an economic research capability
   - Develop a market intelligence capability

5. Ensure copyright protection and collective administration
   - Establish viable national copyright societies
   - Strengthen existing national copyright societies
   - Implement regional data and rights management centre
   - Enhance bargaining leverage with foreign copyright societies

6. Implement anti-piracy campaign
   - Implement ‘banderole’ system
   - Strengthen enforcement capability
   - Introduce private recording levy on blank tape and CD imports
   - Develop public awareness campaign

7. Align and harmonize government policy framework
   - Establish industrial policy
   - Establish trade policy
   - Establish intellectual property policy
   - Establish cultural policy
   - Establish educational policy

8. Upgrade the home environment
   - Improve government-industry relations
   - Foster public awareness of the contribution of the music industry
   - Increase local/regional content on the airwaves
   - Establish musicians union
   - Improve access to credit

9. Develop Internet-readiiness
   - Develop market profile of the potential Internet music audience
   - Develop a regional Internet marketing and distribution programme
- Conduct training programme for music industry firms
- New product development
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